MEASURING THE EFFECTIVENESS OF
MARKETING EFFORT IN THE CONVENTION
INDUSTRY: A CUSTOMER EQUITY APPROACH

By

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INTRODUCTION TO THE STUDY

Introduction

This research study examines customer equity in the context of the meeting and convention industry. This chapter sets the stage for the study by providing a background and a summary of selected convention research followed by the justification of the importance of the effectiveness of marketing effort for conventions. Next, the convention decision process is considered briefly since this is a direct link to the various customers of a convention including the attendee and the show manager. Finally, a customer equity model is presented out of which originates the model to be tested in this study. The chapter follows up with the problem statement, the purposes of the research, and the research questions. The methodology section is then presented along with a brief summary of the results ending in significance of the study and limitations of the study.

Background of the Convention Industry

The United States' meetings and convention industry is an extremely competitive business and has been experiencing tremendous growth in the past decade. According to Astroff & Abbey (2002), meeting and convention space doubled from 1992 until 2002. In a report from the Brookings Institute, exhibit space associated with conventions jumped from 40.4 million square feet in 1990 to 60.9 million square feet in 2005 (Doyle, 2005). The meeting and convention industry is continuing to grow despite natural disasters, terrorist concerns, and economic issues (Convene, 2006a). Due to the competitive nature and growth in the industry, it is essential for convention centers to have marketing plans and to measure the effectiveness of those plans.

First-tier, i.e., larger, more associated with mega-conferences and many second-tier, i.e., smaller, more associated with regional conferences convention centers have met the growth challenge by adding exhibit space and/or have gone through or are in the process of completing major renovation projects to better meet the needs of existing clients and to attract new prospective clients. For meeting planners, the increased growth has created multiple state-of-the art facilities to select from when booking an event. Convention hotels are also included in the competition, as these hotels are seeking additional revenue. These convention hotels can offer lodging options that convention centers are not typically able to offer. This again raises the competitive nature of the industry and leaves first-tier convention centers competing with not only other first-tier convention centers but also second-tier conventions centers and convention hotels.

From the convention center’s perspective, successful conventions bring many people to the destination, generating money through attendees’ purchasing hotel room nights, eating in restaurants, paying for local transportation, shopping, and seeking entertainment. The Convention Industry Council’s 2004 economic impact study reported direct spending breakdown by attendance groups as $36.68 billion from exhibiting companies, $28.52 billion from convention delegates, and $2.72 billion from event organizers (Power, 2005), indicating the significant revenue at stake and documenting the importance for convention centers to aggressively compete to attract and retain events through enhanced marketing efforts.

Since the majority of convention centers are publicly owned, they are under scrutiny to generate economic development and maintain an acceptable return on investment for the recently undertaken expansion projects. This situation is another reason for the increase in competition. Randy McCaslin, Vice-President of PKF Consulting, an international consulting firm in the hospitality and tourism industry reports increased competition from city to city that is raising the bar across the industry (Doyle, 2005).

From the organization's (those having meetings and conventions) perspective, a successful meeting or convention is often determined by number of attendees, revenue produced, and the corresponding level of attendee satisfaction. According to Convene's15th Annual Meetings Market Survey (Convene, 2006b), 46% of the respondents who were Professional Convention Management Association (PCMA) members reported that attendance had increased from 2004 to their largest ever convention in 2005. Respondents also indicated that 32% of the association's revenue was derived from their conventions, exhibitions, and meetings.

Another complicating factor is that many conventions are competing for the same attendees. Professionals are often members of more than one association and must select the convention to attend from a set of options. Likewise, companies are presented with an array of options from which they must select the tradeshows that best meet their organization's goals and objective.

Marketing and the Convention Industry

Marketing plays a key role in meeting convention centers' objectives. Like other industries, the primary goals of any marketing department are to lure new profitable customers into the business while retaining the current profitable customers. How convention centers are able to perform at attracting and retaining these customers often determines the success or failure of the marketing department. Reicheld and Sasser (1990) reported that a 5% increase in customer retention could yield a 25 to 125% increase in profits for certain business sectors. However, measuring the effectiveness of a convention center's marketing effort is difficult for a number of reasons.

First, convention centers have a diffuse customer base because they sell space and services for a variety of shows including conventions with exhibits, conventions without exhibits, consumer shows, special events, and trade shows. Each of these groups has different goals and objectives related to their events, and thus, different reasons for choosing the locations for their events. Due to these differing external factors, the marketing strategy that works for one group may not work for another group. For example, some conventions rotate the location of their conventions annually, while some conventions cycle amongst alternatives and others always choose a new location.

Second, larger convention events sign contracts years in advance to secure necessary space requirements, leaving convention centers filling in gaps between larger events. To fill in these gaps, convention centers are competing with second-tier and convention hotels for the types of events which meet the size and space specifications. Marketing the advantage of booking in the convention center versus other options poses a challenge for convention centers. Go and Gover (1999) suggested that increased competition creates an increased need for improved understanding of key factors influencing decisions including site selection and developing marketing strategies.

Historically, marketing effort measurement in convention centers has focused on subtracting the establishment costs associated with obtaining a particular customer's business from the gross revenues for that business and yielding a profit or loss for that particular event. This accounting approach for marketing effort measurement does not account for intangible benefits, including the relationships established between the show managers and the convention center. Another issue is today's marketing dollars may very well be used to book an event that will occur 20 years from now, making it challenging to justify costs in the short run since the return may not come for many years. In addition, allocating resources to each event is difficult and invariably involves some guesswork. For the most part, measuring marketing effort in the convention industry has focused on marketing the event, e.g., conventions, exhibitions, and consumer shows, and not specifically on measuring the marketing efforts of convention centers for specific target markets or groups.

Convention centers face multiple challenges when trying to market their centers, including consumer's perceptions of image (Alkjaer, 1976; Usher, 1991; Zelinsky, 1994), offerings, location, weather, and many more related issues (Var, Cesario & Mauser, 1985). Creating and executing the right marketing strategies is critical to the success of convention centers and the communities relying on the economic impact that meetings and conventions offer their communities.

Literature from the Convention Industry

Convention research is still relatively young in nature compared to the rapid growth the industry has faced in the past few decades (Yoo & Weber, 2005). In the early 1990s, many researchers recognized a need for research in the area of meetings and conventions because this segment of the tourism industry had not seen the research recognition it deserved (Abbey & Link, 1994; Pizam, 1991; Zelinsky, 1994). Recently, Yoo and Weber (2005) reviewed the progress convention research has taken in the last decade. They concluded there has been a significant increase in the interest from the academic community in the area of convention research and identified future research topics that would contribute to the convention tourism industry. The areas include studies to evaluate the economic, social, and cultural impacts of convention tourism, the role of newly developed Web-based applications in convention centers, and convention marketing tools (Yoo and Weber).

Previous convention studies have primarily focused on several areas. They are site selection, (Crouch & Ritchie, 1998; Crouch & Louviere, 2003; Getz, 2003; Grant & Weaver, 1996), meeting planners' perceptions (Baloglu & Love, 2003, 2005; Beaulie & Love, 2004, Jeong-Ja, 2004; Oppermann, 1996a), destination tourism (Kim & Kim, 2003; Petersen, 2004; Yoo & Weber, 2005), and other related issues.

In the convention literature, the customer has primarily been viewed as the meeting planner; however, the term, meeting planner, is used as a generic umbrella which encompasses many job titles. For purposes of this research, the term 'show manager' will be used instead of meeting planner because it parallels the terminology used in the convention industry. The Convention Industry Council's definition of show manager is the preferred term for the specific person responsible for all aspects of planning, promoting, and producing an exhibition, also called Exhibition Manager (APEX, 2006). According to industry professionals, convention centers' direct customers are show managers, and show managers' satisfaction and/or dissatisfaction directly influences future event booking decisions (Wood, 2005).

Even though 50% of the convention and tourism research conducted since the early 1980s has focused on marketing issues, research pertaining to the marketing efforts of convention centers is almost non-existent (Yoo & Weber, 2005). Overall, little research has been done in the convention tourism industry as compared to the significant impact of the hospitality industry in general. According to Yoo and Weber's study, which analyzed the progress of convention tourism research up to 2003, the primary focus of marketing research has been on meeting planners' perceptions and their site selection processes, i. e., Baloglu & Love, 2001, 2005; Bonn, Brand, & Ohlin, 1994; Clark & McCleary, 1995; Clark, Price, & Murrmann, 1996; Jeong-Ja, 2004; Nelson & Rys, 2000; Oppermann, 1996a, 1996b; Strick, Montgomery, & Grant, 1993; Weber, 2000.

Decision Making Process in the Convention Industry

The decision making process in the convention industry is somewhat complex due to the variety of events and the multiple stakeholders involved in the decision making process. This study expands Oppermann and Chon's Conference Participation Decision-Making Process (1997), as shown in Appendix A, by including two primary stakeholders (attendees and show managers) and establishing critical issues in the decision making process for both stakeholder groups in an effort to learn more information about the primary customers of the convention center. After all, marketing effectiveness cannot be measured before examining the primary consumer and gaining a better understanding of when decisions are being made and how they may impact convention centers.

Background of Customer Equity

Within the last decade, there has been a significant interest in companies improving their financial performance by directly managing the company's customer equity or the lifetime value of the customer to the company and focusing more on the long-term relationship aspect (Hansotia, 2004). Customer equity is defined as "the total of the discounted lifetime values of all customers" (Rust, Zeithaml, & Lemon, 2002, p. 110) including current and potential customers (Rust, Lemon, & Narayandas, 2004). The underlying basis for managing customers to improve financial performance is the shift from being a strong product or goods economy to a service economy.

The United States' economy has transitioned from a manufacturing economy to a service economy. In doing so, businesses have started to realize the benefit of shifting from being product focused to customer focused. For most businesses, customers are the most important asset, and their value to the business is the equity derived from the customer to the business relationship. Certainly, there are other assets such as buildings, intellectual property, and service competencies; but the retained customer provides a reliable source of revenue for the future.

To better understand the concept of customer equity, suppose that a convention center has only two customers: Show Manager A and Show Manager B. Show Manager A contributes only $5,000 per year to profits but is expected to remain a customer for ten years. Show Manager B is expected to contribute $10,000 to profits but is not expected to remain a customer because the groups she works with typically book at different locations each year. The discounted lifetime value of Show Manager A is $32,500 (taking into consideration the assumed convention center's current discount rate of 10%). The discounted lifetime value of Show Manager B is $10,000, the contribution received this year. The convention center's Customer Equity is $32,500 + $10,000 = $42,500. It can be seen that if the convention center can, through persistent marketing effort, either increase the yearly revenue from $5,000 to a higher figure for Show Manager A or manage to rebook the business of Show Manager B in an alternate year, customer equity derived from A & B would increase. This increase could then be compared with the cost of the marketing effort to see the benefit of such efforts. Of course, the benefits of using customer equity would be assuring marketing effectiveness for A and B.

Some researchers suggest that customer equity is the most important part of the overall value of the business because customers generate revenue, helping businesses meet their goals and objectives, i. e., Ambler, Bhattacharya, Edell, Keller, Lemon, & Mittal, 2002; Blattberg & Deighton, 1996; Hansotia, 2004; Rust, Lemon, & Narayandas, 2004; Rust, Zeithaml, & Lemon, 2002. According to Rust, Zeithaml, and Lemon, organizations that figure out how to maximize customer equity will have a competitive advantage because they will make decisions based on improving customer equity. Ultimately, if marketing effort can be directed to the right customers, both potential and current customers with a high lifetime value, then stockholder's wealth should be maximized.

The three drivers of customer equity include value equity, brand equity, and relationship equity. The power of each driver is influenced by sub-drivers. Sub-drivers may change from one industry to another. One of the aims of this study was to establish sub-drivers that are specific to the convention industry. Although there are generic sub-drivers that can be used as a guideline, it is critical to determine what is important to customers specific to a given industry (Blattberg & Deighton, 1996).

Value equity is defined as “the customer’s objective evaluation of the value offered by a convention center and the perception of value is derived through convenience, price and quality of offerings” (Rust, Lemon, & Zeithaml, 2004, p.110). Quality, price, and convenience not only mean different things to different customers, but one may be more important to one customer than another. For example, a meeting planner may value the location of a convention center because it is centrally located for easy access for the attendees of an event; thus, convenience is more influential than price or quality for that particular group of businesses.

Brand equity is defined as the customer’s subjective view of the convention center and its offerings (Rust, Zeithaml, & Lemon, 2002). The key sub-drivers for brand equity are: customer brand awareness, customer attitude toward the brand, or customer perceptions of brand ethics. For example, a meeting planner may be influenced by a convention center’s brand as a strong brand image sets it apart from other centers. Similarly, many meeting planners may not want to book some types of events in Las Vegas because of the perception that destination holds in the minds of their clients. In contrast, other groups may not want to book at the Orlando convention center because they may feel it is too family-oriented and does not offer enough adult entertainment options for clients.

Relationship equity is the customer’s view of the strength of the relationship they have with the convention center. The key sub-drivers of relationship equity are: loyalty programs, special recognition and treatment programs, affinity programs, community building programs, and knowledge building programs. For example, a meeting planner may have established a good relationship with the support staff at a particular convention center; and for them, it may not be worth changing locations for a particular event and building trust with another center's staff.

This study extends convention center research by focusing on the customer relationship aspect in an effort to measure the effect of marketing effort on the customers' intent to rebook and its consequent effect on the customer equity of the convention center. The customer equity framework developed by Rust, Lemon, and Zeithaml (2004) illustrates how an increase in customer equity directly relates to the return on marketing investment.

The model shows that it all starts by listening to the customers of the business to find driver improvements and then to improve customer perceptions which then increase attraction and retention of customers. These in turn enhance customer lifetime value and increase customer equity or worth, which justifies and increases the return on marketing investment. This study considers the show managers as the primary customer of the convention center, and therefore the show managers' perceptions are the core units of analysis of customer equity in this study.

Understanding the concept of customer equity and how it can be applied to the convention industry will help practitioners improve marketing decisions for their products and services to increase customer equity. Figure 1 shows the conceptual model developed by Rust, Lemon, and Zeithaml (2004) to evaluate return on marketing. This model is a framework for the current study and illustrates how an improvement in a customer equity component or driver will improve customers' perceptions, consequently increasing the acquisition and retention rates of customers. This will, in turn, increase the customers' lifetime value and demonstrate an increase in customer equity.

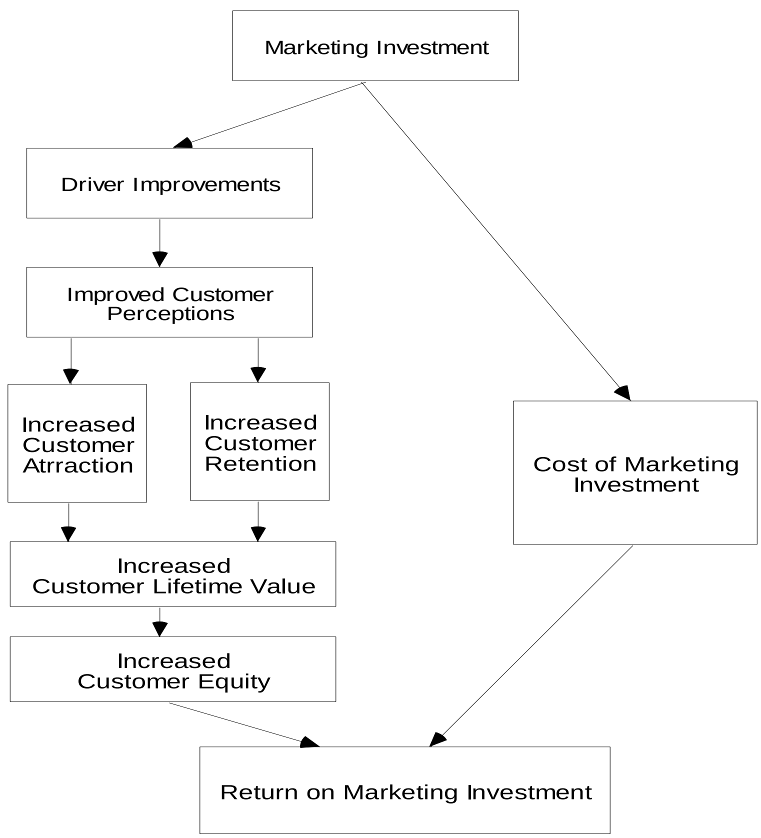

Figure 1. Return on Marketing Model (Rust, Lemon, and Zeithaml, 2004)

Problem Statement

Whatever the intuitive appeal of the customer equity approach, research has not provided a practical and theoretical framework for using customer equity to measure and/or evaluate marketing effort, specifically in the meetings and convention industry. The customer equity approach provides an assessment of current customers, a substantial source for potential revenue. The benefit of using the customer equity approach to measure marketing effort is that it allows marketing decisions not only to be implemented to meet appropriate objectives but also allows decisions to be made which will most affect consumer decisions based on what the consumers (show managers) report as important to them.

To date, there has not been empirical support that determines the drivers and sub-drivers of customer equity from the show manager’s perspective. The term, driver, refers to the primary constructs which influence customer equity. In the Rust et al. (2004) model, value equity, brand equity and relationship equity are the drivers of customer equity. Sub-drivers refer to the underlying factors attributed to what has influenced the customer to purchase or continue to purchase from a firm based on the factors that are important to that specific consumer. This study adds to existing convention literature by developing a better understanding of the drivers and sub-drivers of customer equity specific to the convention industry and provides an applied approach of measuring the effectiveness of marketing effort.

Purpose of the Study

1. Develop and apply the Convention Decision-Making Process Model (an extension of Oppermann's and Chon's 1997 Participation Decision-Making Process model) for the convention industry by including the show managers as another stakeholder in an effort to listen to customers more.
2. Investigate the drivers of customer equity in the convention industry.
3. Evaluate the importance of each driver of customer equity (value equity, brand equity, and relationship equity) for show managers.
4. Study the effectiveness of practitioners' marketing efforts on the customer equity of the convention center.

Research Model

The theoretical framework for this study was derived from Rust, Zeithaml, and Lemon's (2002) Customer Equity Model (see Figure 2). Customer equity is measured using three constructs: (a) value equity, (b) brand equity, and (c) relationship equity. This study applied the Customer Equity Model to the convention industry by first investigating the specific drivers and sub-drivers of customer equity specific to show managers and secondly, testing the drivers of customer equity.

This model suggests that value equity, brand equity, and relationship equity directly influence customer equity. Although details were previously explained, it is critical to understand the relationship between the constructs in the model. Depending on the customer or group of customers, one construct may be more dominant than another. For example, if practitioners understand what is driving value equity to be more dominating to a particular segment of customers, then this allows them to make marketing decisions that will best convey the message of value to this particular segment of customers. Why allocate marketing dollars to build brand equity when what is important to the customer is value?

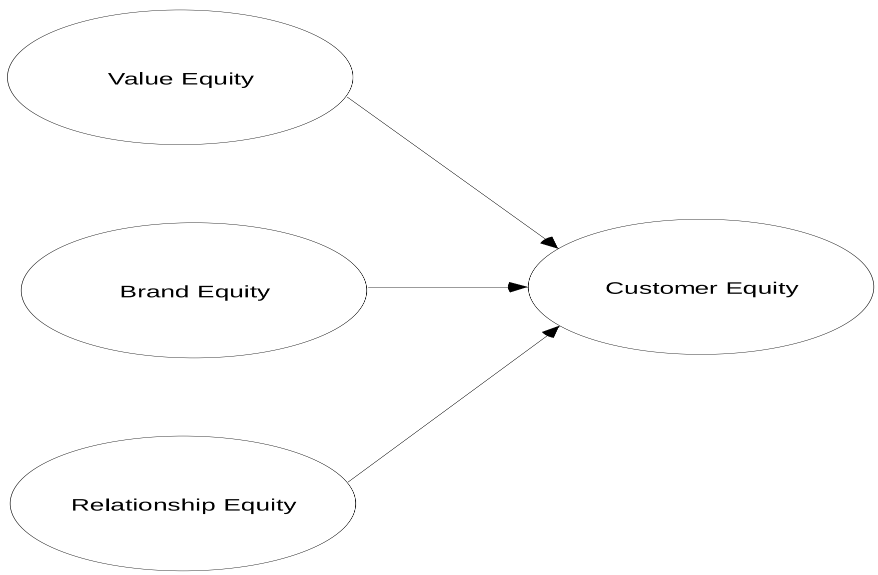

Figure 2. Customer Equity Model (Rust, Zeithaml, & Lemon, 2002)

Research Questions

1. What are the critical decision-making issues for attendees and show managers; before going to a convention, during the course of the convention, and after a convention?

2. What are the sub-drivers of the customer equity constructs of value equity, brand equity, and relationship equity in the convention industry?
3. Is there a single predominant driver of customer equity (value equity, brand equity, or relationship equity) for show managers in the convention industry?
4. How can a customer equity approach be used to measure the effectiveness of marketing effort in the convention industry?

Study Methodology

Selected show managers and attendees were interviewed for information regarding their decision making before, during and after an event using in-depth audio recorded interviews that were transcribed. Subsequently, the same group was interviewed regarding the value, brand, and relationship aspects of the convention relationship in an effort to confirm or establish specific drivers for conventions according to the two customer groups. From an extensive literature review and the interview results, a quantitative survey was developed and electronically administered to show managers who had been customers of a large convention center in the Southeastern part of the United States. The survey tested value, brand, and relations drivers and also attempted to measure what things the show managers would like to see improved. From this, the survey estimated customer lifetime value, customer equity, and subsequently, return on marketing investment.

Study Results

A total of 21 show managers and 15 attendees were interviewed for the qualitative part of this study. The qualitative results indicated several key drivers and sub-drivers of customer equity in the convention industry. Quality, price, and location were the key drivers of value equity. Building aesthetics and services provided from the center were key factors to quality evaluation by show managers, while competitiveness of prices and overall fairness of prices for show managers, exhibitors, and attendees played a vital role in establishing an overall assessment of value. Show managers indicated the location of the convention center. The overall appeal of the destination also influenced their perception of value for a convention.

Reputation of the convention center and awareness of the convention center influenced show manager perceptions of brand in the convention industry. However, separating the brand of the destination from the brand of a convention center is difficult and appears to be more complex than brand association in a retail market. Personnel, responsiveness of personnel, and special treatment played a vital role in show managers' assessment of the relationship equity established with a convention center.

Key decisions from stakeholders range from logistical decisions such as travel arrangements and hotel accommodations to networking decisions to determine who and when to meet with key individuals in order to maximize their overall experience.

The population of the study was customers of the convention center over the past five years to include consumer shows, conventions with tradeshows and conventions without trade shows, comprising a total of 489 customers. A sample of 89 yielded a response rate of 19.6%. The show managers were from a leading southeastern convention center, and they revealed that value equity was the leading driver of customer equity with location of a convention center having the greatest impact on the assessment of overall value. Enhanced communication, followed by perceived value, were the leading marketing efforts and had the greatest impact on increased customer equity.

Significance of the Study

Currently, the customer equity framework has never been applied to the meetings and convention industry. This study adds to the convention literature by applying the framework which examines the relationship between the customer and the company. For purposes of this study, the customers of the convention center are the show managers and the company is the convention center. With the high competition in this industry, this research enables convention centers to better understand their primary customer (show managers) and ultimately make better marketing decisions that will impact the drivers of customer equity and make their centers more equitable.

Because the study of customer equity begins with a study of customers, this research offers an extension of Opperman and Chon’s Participation Decision-Making Process Model (1997) to include show managers. Opperman and Chon’s Participation Decision–Making Process Model provides the framework for part of this study’s inquiry. It represents the process from the attendee’s perspective. The influencing variables are categorized into four factors: (a) personal/business; (b) association/conference; (c) location, and; (d) intervening opportunities.

Oppermann and Chon (1997) suggest that in addition to attendees’ decision-making process, deeper insight into the other stakeholders’ decision-making processes will enhance the understanding of the overall decision-making process in the convention industry. The Convention Decision-Making Model (CDMM) developed in this study maps the critical decisions made by both the attendee and the show manager before, during, and after the convention.

Limitations of the Study

Though multiple consumers used different convention centers, this sample was limited to a dataset of the show managers for one convention center across a five-year period. This limits the generalizability of the results. Replication of the study in other center cities or across a grouping of cities, i. e., first tier cities, second tier cities, would provide more helpful information for the industry as a whole.

Definition of Concepts, Constructs and Industry Terms

The following are the definitions of key variables used in this study.

- Attendee: An individual, registered for or participating in an event. Includes delegates, exhibitors, media, speakers, and guest (APEX, 2006).
- Brand equity: The customer's subjective view of the organization and/or convention center and its offerings (perception of brand awareness, and attitude towards the brand) (Rust, Zeithaml, & Lemon, 2002).
- Consumer Show: Exhibition that is open to the public, usually requiring an entrance fee.
- Convention with Tradeshow: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events including exhibits of products and services targeting specific groups.

- Convention without Exhibits: An event where the primary activity of the attendees is to attend educational sessions, participates in meetings/discussions, socialize, or attend other organized events.
- Customer equity: Defined as "the total of the discounted lifetime values summed over all of the organization's potential customers" (Rust, Lemon, & Zeithaml, 2004, p. 110). $CE_j = mean_i\ (CLV_{ij}) \times POP_i$
- Customer lifetime value (CLV): "Is a measure of the future profit flows from the customer to the firm, adjusted for the customer's future probability of purchasing from the firm, and appropriately discounted to the present time" (Rust, Lemon, & Narayandas, 2004, p. 23).
- Driver: The term 'driver' refers to the primary constructs which influence customer equity. The Rust et al. (2004) model established value equity, brand equity, and relationship equity as drivers of customer equity.
- Exhibit: Individual display area constructed to showcase products, services or convey a message (APEX, 2006).
- First-tier Convention Center: This is a term used to categorize convention centers by size, such as amount of exhibit space, with first-tier being the largest convention centers in the country, e. g., Las Vegas, McCormick, Orlando, San Diego, Atlanta, and Javits to name a few.
- Meeting Planner: An individual who "organizes meetings and other gatherings for companies, corporations, and associations. These gatherings can range from a small board of directors meeting, a stockholders meeting, and a new product

introduction, to educational seminars and national conventions," (Fenich, 2005, p. 23).

- Relationship equity: The customer's view of the strength of the relationship they have with the organization having the event and/or the convention center.
- Second-tier Convention Center: This is a term used to categorize convention centers by size, with second-tier being convention centers being those that are not as large as first- tier convention centers and are typically more regional, e. g., Tampa Convention Center and Charlotte, NC Convention Center.
- Show Manager: Preferred term for the specific person responsible for all aspects of planning, promoting, and producing an exhibition also called Exhibition Manager (APEX, 2006).
- Sub-drivers: are referred to as the underlining factors attributed to what influences the customer to purchase or continue to purchase from a firm based on the factors that are important to that specific consumer.
- Value equity: The customer's objective evaluation of the value offered by the organization having the event and/or the convention center. The value could be derived through convenience, price and quality of offerings (Rust, Lemon, & Zeithaml, 2004, p. 110).

Summary

This chapter provided an introduction to the convention industry both anecdotally and from a literature perspective. Next the chapter showed how the customer and the measurement of marketing effectiveness are critical for the success of marketing efforts in convention centers. In an effort to measure the marketing effectiveness, the customer equity model was applied to the convention industry measuring customer equity of show managers from a Southeastern Convention Center. Then, a brief overview of the findings of the study was presented. Finally, the chapter ended with the significance of the study, the limitations of the study, and definitions of key terms used in this study.

CHAPTER II

THE REVIEW OF LITERATURE

Introduction

The contents of this chapter will provide the theoretical support for the proposed study. The literature review encompasses two primary research streams. First, the meetings and convention literature is introduced, the decision-making process in the convention industry is evaluated, and then a review of research pertaining to meeting planner's perceptions will be provided. Second, consumer marketing literature is introduced; and equity theory, customer equity theory, value equity, brand equity, and relationship equity concepts are reviewed. Finally, these two aforementioned areas will be synthesized in order to present the conceptual model for this study.

Convention Management Literature Review

Convention management literature has expanded out of a need to better understand the dynamics of the industry, the people involved in the industry, the benefits and challenges in the industry, and certainly the financial ramifications the industry may offer. During the early to mid 1980s in the U.S., over 100 convention centers were built across the country. By the end of the 1980s, 40 cities were building or expanding existing convention centers (Fenich, 2002). The construction and renovations have continued with

44 convention centers either under construction or being expanded in 2000 (Copeland, 2005).

Convention management literature has focused on the benefits and challenges associated with the increase in convention center development. The primary benefits include the direct spending by convention delegates into the local economies. According to industry experts, convention delegates spend approximately $1500 per event, i. e., conventions and exhibitions (Copeland, 2005). According to Fenich (2002), other benefits include: increased levels of employment, enhanced image, indirect benefits (the multiplier effect), and the overall improvement for the communities which host convention business. Some of the challenges that are addressed in convention management literature are the financial cost for the host city, infrastructure cost, and safety and security issues.

As stated previously, convention literature has focused primarily on trying to better understand the site-selection process (Crouch & Louviere, 2003; Crouch & Ritchie, 1998; Getz, 2003; Grant & Weaver, 1996), meeting planners' perceptions (Baloglu & Love, 2003, 2005; Beaulie & Love, 2004; Jeong-Ja, 2004; Oppermann, 1996b), and the role of convention center in destination tourism (Kim & Kim, 2003; Petersen, 2004; Yoo & Weber, 2005). This focus has been important to understand the attributes important in the selection process and helps venues market their strongest attributes and implement changes in making other attributes more desirable.

Although convention management literature has shown progress in the expansion of topics and issues being addressed, there remains a need for more rigorous quantitative research to help identify patterns and assist in making predictions (Lee & Back, 2005) and qualitative research which will develop the underlying reasons of why things do or do not happen.

In Crawford-Welch and McCleary's (1992) review of 653 hospitality and tourism related articles, most of the 137 convention articles analyzed in the study used no statistical methods. Although this trend has changed direction, there is still room to expand the knowledge base by conducting both qualitative and quantitative research. The call for additional research suggested by Lee and Back (2005) include meeting attendees and their meeting participation decision-making process and non-participation decision-making processes.

Event Management Body of Knowledge (EMBOK)

The event management body of knowledge, referred to by some as EMBOK was started at a meeting in 2004 in South Africa where several scholars who have researched this topic met to start the development of very clear and universally acceptable standards and procedures for this industry (Goldblatt, & O'Toole, 2004). The subject of special interest was the efficient management of events, and eminent scholars that were present at the meeting included Goldblatt, Getz, and Rutherford-Silver. The purpose of the meeting was to promote standards and resources that all those managing events may access and use. The meeting ended with the development of a conceptual model for event management. Since that meeting, much more literature and research continues to be conducted regarding special events and conferences. For the purposes of this dissertation, the terms 'conference,' 'convention,' and 'event' are used interchangeably.

In spite of the gallant effort of the scholars mentioned previously, the lack of research in this industry has surprised many. Given the economic impact of events on many destinations, more research should be forthcoming. According to Yoo and Weber (2005), there were many calls for more research in the convention industry due to the rapid growth and the increasing importance of the field (i.e., Abbey & Link, 1994; Pizam 1991; Zelinsky, 1994). For their research, the authors consulted several literary sources along with many articles including Yoo and Weber's (2005) literature review covering 14 hospitality journals: The *Annals of Tourism Research (ATR), Cornell Hotel and Restaurant Administration Quarterly (CHRAQ), Event Management (EM), International Journal of Contemporary Hospitality Management (IJCHM), International Journal of Hospitality Management (IJHM), Journal of Convention and Exhibition Management (JCEM), Journal of Hospitality and Leisure Marketing (JHLM), Journal of Hospitality and Tourism Research (JHTR formerly known as Hospitality Research Journal (HRJ), Journal of Travel and Tourism Marketing (JTTM), Journal of Tourism Studies (JTS), Journal of Travel Research (JTR), Journal of Vacation Marketing (JVM), Tourism Economics (TE) and Tourism Management (TM).* Yoo and Weber's literature review focused on the years between 1983 and 2003.

The Yoo and Weber (2005) literature review used content analysis, where research was analyzed according to subject area, the nature of the research, and statistical techniques. A total of 115 articles were found. Typically, the subjects for these articles fell into one of seven categories including: administration or strategy, operations, marketing, human resources, research and development, finance, and economy. The seven-category literature review was also used by researchers (Baloglu & Assante, 1999; Chon, Evans, & Sutherlin, 1989; Crawford-Welch & McCleary, 1992). It was not surprising that service quality, loyalty, customer satisfaction, site selection, and marketing research received the most attention.

Much of the past research has focused on the perspective of the meeting planner (Baloglu & Love, 2001; Clark & McCleary, 1995; Crouch & Ritchie, 1998; Lee & Hiemstra, 2001; Oppermann, 1996a; Renaghan & Kay, 1987; Strick, Montgomery, & Grant, 1993; Var, Cesario, & Mauser, 1985; Yoo & Weber, 2005). Many individuals have called for the focus on that of the attendee since the attendee is the final consumer of the convention product (Lee & Back, 2005).

One of the surprises found during the literature review was the discovery that there is a lack of research on the importance of conventions to associations, particularly in economic terms. Another surprise was the lack of attendee satisfaction research in the field. By combining the two areas lacking research, and through ascertaining the need of the local Orange Country Convention Center (the second largest convention center in the United States), it was apparent that the current research should combine the two aforementioned areas so that the convention customer (meeting planner and convention attendee) would both be measured and asked about the constructs related to customer equity. By understanding how convention equity is perceived by customers, it is more likely that convention centers in the future can better meet the needs of their shareholders and maximize their marketing dollars through making the most efficient decisions.

Due to the recency of the convention tourism literature, Sturman (2003) suggested that it was critical to maintain an adequate balance between conceptual and empirical research. To meet the call by Sturman, the present research has been conducted in conjunction with industry and the literature to develop a customer equity model to be measured which should benefit all the involved stakeholders.

Convention Marketing Literature

Table 1 provides a summary of marketing related studies in the convention industry for the past 20 years.

Table 1. Marketing Literature in Convention Research

Year	Author	Title of Article	Research
1987	Renaghan & Kay	What meeting planners want: The conjoint-analysis approach	Empirical
1990	Riley & Perogiannis	The influence of hotel attributes on the selection of a conference venue.	Empirical
1990	Quain, Render, & Higgins	Using decision theory for strategic decisions in the convention industry	Conceptual
1991	Shaw, Lewis, & Khorey	Measuring meeting planner satisfaction with hotel convention services: A multivariate approach	Empirical
1991	Quain, Render, & Hermann	A multivariate approach toward marketing decisions in the convention segment	Empirical
1991	Falk & Pizam	The United States Meeting Market	Conceptual
1992	Cabanas	A marketing strategy for resort conference centers	Conceptual
1993	Rutherford & Umbreit	Improving interactions between meeting planner and hotel employees	Conceptual
1993	Strick, Montgomery, & Grant	Does service sell the site: A meeting planners' perceptive	Empirical
1994	Bonn, Brand, & Ohlin	Site Selection for professional meetings: A comparison of heavy-half vs. light-half association and corporation meeting planners	Empirical
1994	Vogt, Roehl, & Fesenmaier	Understanding planners' use of meeting facility information	Empirical
1995	Clark & McCleary	Influencing associations' site-selection process	Conceptual
1995	Hiller	Conventions as mega0events: A new model for convention-host city relationships	Conceptual
1996	Clark, Price, & Murrmann	Buying Centers: Who chooses convention sites?	Conceptual
1996	Grant & Weaver	The meeting selection process: A demographic profile of attendees clustered by criteria utilized in selecting meetings	Empirical
1996	Hu & Hiemstra	Hybrid conjoint analysis as a research technique to measure meeting planner's preferences in hotel selection	Empirical
1996a	Oppermann	Convention cities: Image and changing fortunes	Empirical
1996b	Oppermann	Convention destination images: Analysis of association meeting planners' perceptions	Empirical

1999	Masberg	What is the priority of research in marketing and promotional efforts of convention and Visitors Bureaus in the United States	Empirical
2000	Weber	Meeting planners' perceptions of hotel chain practices and benefits	Empirical
2000	Choi & Boger	Association planner's satisfaction: An application of importance-performance analysis	Empirical
2000	Jang & Woods	The annual meetings of national associations and the inference from convention marketing	Empirical
2000	Nelson & Rys	Convention site selection criteria relevant to secondary convention destinations	Empirical
2000	Ngamsom & Beck	A pilot study of motivations, inhibitors, and facilitators of association members in attending international conferences	Empirical
2000	Chacko & Fenich	Determining the importance of US convention destination attributes	Empirical
2001a	Weber	Association meeting planners' loyalty to hotel chains	Empirical
2001	Baloglu & Love	Association meeting planner's perceptions of five major convention cities: Results of the pretest	Empirical
2001a	Fenich	Towards a conceptual framework for assessing community attractiveness for conventions	Conceptual
2001	Leask & Hood	Unusual venue as conference facilities: Current and future management issues	Conceptual
2001	Fenich	Using New Orleans as a predictor of the future of the convention industry	Empirical
2001	Cai, Bai, & Morrison	Meetings and conventions as a segment of rural tourism: The case of rural Indiana	Empirical
2001	Jones & Brewer	The future of the meeting, incentive, convention, exhibition (MICE) industry buyer-seller relationship: High tech or high touch?	Conceptual

Table 1 provides a summary of marketing research which has been conducted in the area of convention management over the past 25 years. Much of the research has been conducted outside of the U.S. market. The primary focuses were on site-selection and destination as a tourism economic entity.

The fourth annual AttendTrend study was recently published in PCMA's (2006a) magazine, which provides recent marketing statistics in a number of areas. For example, in 2004, the marketing expense per attendee for a show comprising 25, 000 - 49,999 net square feet rose from $21 to $38 in 2005. Additionally, the number one marketing vehicles in attracting attendees for the past two years has been direct marketing; and while an increase in marketing budget does not always correlate with the end result, 49%

of associations reported that their attendance marketing budgets increased from 2004 to 2005.

Decision Making Process in the Convention Industry

Site selection is the key decision made in the convention industry. Many convention centers and cities bid to host for large shows. When cities win these bids, it can make the difference of meeting or not meeting yearly operating budget. The market is very competitive.

In Clark, Price, and Murrmann's (1996) article, they refer to buying centers as a process and refer to people in the buying center as those who take part in the decision making process. They applied Webster and Wind's (1972) definition of roles in a buying center as buyers, deciders, gatekeepers, influencers, and users. They identified the following members for the buying center of an association: meeting planners are the 'buyers;' the association president, site-selection committee and/or association congress were the 'deciders;' the meeting planners and executives were the 'gatekeepers;' the executives, members, president, and vice-presidents were the 'influencers;' and the association members and staff were the users.

The results of their study revealed three decision patterns among the 23 associations examined in the study. The decision patterns were (a) the execute board chooses the location, (b) meeting planners or executive choose(s) the location, and (c) the site-selection or program committee chooses the location. The implications of this study are particularly useful when marketing a destination or a convention center because it provides a more narrow focus on targets of direct marketing material and the role each person in the buying center plays in the overall decision-making process.

A more recent study by Crouch and Louviere (2003) estimated the effect of 20 different convention attributes on the selection site. The attributes used in the study were derived from important attributes identified in convention literature and through in-depth interviews. The most significant attributes were: participant proximity, on-site/off-site accommodations, cost of venue, and food quality.

Value Constructs Convention Literature

In the following section, value, price and convenience are discussed based on what has been presented in past convention research. To date, there has not been a study to include the three constructs collectively in the convention literature; however, each has been included or partly explored in other studies.

The perceived value is important in the meetings and convention industry because everyone who attends pays a price to be there. Gorst, Wallace and Kanji (1998) tested the relationship of perceived value and customer satisfaction. Even though everyone in attendance may not pay the cost directly because some employers pick up the tab, they still indicated that people in general like to receive a good value for the money and people view their time as money. The study results supported the hypotheses that customer satisfaction increased as perceived value increased (Gorst, Wallace, Kanji).

The perceived value is also a key negotiation tool show managers use to gain more leverage when negotiating contracts. For example, in the recently reported Convene's 15th Annual Meeting Market Survey, "Respondents are giving their meeting more economic weight. More than two-thirds of respondents (69%) report that the economic value of their largest meeting to the host destination was $1 million or greater, while more than one-quarter of respondents (26%) reported the value at 5 million or higher" (Convene, 2006, p. 40).

Pricing has become a big issue in the convention industry in the past few years due to the abundance of square footage on the market. Convention centers who used to be considered order takers are now discounting heavily in order to fill space and generate revenue (Sanders, 2005). Since the majority of convention centers in the U.S. are publicly owned, there are no set pricing structures for convention centers, making price comparisons very difficult. For example, one convention center may include in its square footage price a standard utility rate for electricity, but another convention center may not; therefore, one convention center may appear to be more expensive when in fact it is not.

As noted in the discussion of value, the cost of one's time is also perceived as a price paid to attend a convention. As noted by Oppermann and Chon (1997) one's financial situation may influence a decision to participate in the convention especially when a large part of the cost is footed by the attendee, the case for many association attendees. Oppermann's (1995) study indicated that the lack of adequate funding was the primary reason for not attending the annual convention.

Not surprising was the fact that the cost of the convention venue was highly significant. This means the higher the facility costs, the less competitive they are to buyers. The study also noted that less expensive sites were perceived as "cheap" and could signal poor service and facilities (Oppermann & Chon, 1997).

Convenience, too, plays an important role from show managers and attendees. One of the biggest challenges for conventions is increasing attendance. According to the fourth annual AttendTrend Study, the greatest challenge in marketing to attendees is trying to increase international attendees, whose attendance was down from last year, and to attract first time attendees (Convene, 2006).

Rittichainuwait, Beck, and Lalopa (2001) examined motivators and inhibitors and facilitators that influence association members to attend international conferences. The top three inhibitors were money, time, and distance. This may indicate the relationship between value, price, and convenience in attendees' decisions to attend or not attend a convention.

Hu and Hiemstra (1996) evaluated how meeting planners make tradeoffs among site selection factors and found that price was the most important factor. They suggest destinations and venues should implement pricing strategies to remain competitive in the market.

Brand Constructs in the Convention Industry

Destination Image Research

Destination image has gained recent recognition in the convention tourism literature due to the impact image has on the destination selection process in the eyes of the consumer. In a recent study, Baloglu and Love (2005) assessed and compared association meeting planner's perceptions of five major convention cities in the United States as well as their behavioral intentions to book in these locations. The results showed that association meeting planners had stronger intentions to book events in Chicago and Orlando than in Las Vegas, Atlanta, and Dallas. This was due to the fact that Chicago and Orlando were both perceived as more pleasant than Las Vegas, Atlanta, and Dallas.

The authors (Baloglu & Love, 2005) also suggested that cities should compare their city's planned image to the image held by association planners to assess whether there are differences between the two perceptions. In this highly competitive market, understanding the strengths and weaknesses a city's image holds in the minds of its consumers will help cities maximize their stronger image points and minimize the weaker ones in order to market the destinations most efficiently.

In Tanner, Chonko and Ponzurick's (2001) study, they created a model for attracting attendees to a tradeshow. They found that shopping, career development and industry awareness were the most important factors when considering whether or not to attend.

Brand Equity

Brand equity can be difficult to define in a market (Wright & Nancarrow, 1999), especially global markets. The convention industry is certainly global in that international clients book space for shows, international attendance is vital to the success of international shows, and international companies participate in many tradeshows due to less manufacturing in the US and more manufacturing in other parts of the world. According to Wright and Nancarrow (1999), assessing the brand's strength or value is difficult in global markets because there are differences in marketing environments, competition, and diversity of market data.

Another reason brand equity is difficult to define in market is that the industry uses different performance measures to measure brand equity. Additionally, it becomes more difficult when marketing efforts have cross over or mixed purposes making it complex to assess which part of the marketing effort influenced the increase in brand equity (Wright & Nancarrow, 1999).

Relationship Management in the Convention Industry

In Weber's (2000) study, meeting planners were asked to identify the hotel chain to which they were most loyal and to indicate to what extent certain factors contributed to their loyalty. The results showed that the three most important reasons for meeting planner's loyalty to a chain hotel were: (a) they were satisfied with the hotel chain's services they provided (X = 4.65), (b) they trusted the hotel chain (X = 4.44), and (c) they felt that the hotel chain was very committed to the business relationship (X = 4.34). This was measured on a 5-point Likert scale. A total of 95% of the respondents in this study reported the delivery of services as important or very important, identifying it as the most important factor in developing loyalty to a chain.

Consumer Marketing Literature

Over the course of the past two decades, the global economy has transitioned from a product economy to a service economy (Shugan, 1993). As changes take place in society, it is critical that firms and organizations understand consumer behavior and how it influences the outcomes of their marketing strategies. The body of consumer behavior is rich in content from studies of how consumers think, feel, reason and select from different products or services to studies of how consumers are motivated and how their decision-making process changes with the importance of the good or service (De Wuif, Odekerken-Schroder, Goedertier, & Van Ossel, 2005; Dholakia, 2006; Hess & Story, 2005; Shoham, & Brencic, 2004; Uncles, Dowling, & Hammond 2003).

Consumer marketing, therefore, focuses on creating, implementing and improving marketing strategies that will reach the right consumer, at the right time, in the most effective way (Kumar, Venkatesan, & Reinartz, 2006). Understanding the essence of consumer behavior (the firm's specific customers) helps firms adapt their marketing effort by taking the consumer into consideration.

Changing from a product-focused economy to a service-focused economy has initiated a need for consumer marketing research to extend its field to be more customer-focused. According to Rust et al (2004), being customer-focused requires a new approach: Instead of managing the brand or the profitability of the product, organizations should manage according to their customer or the profitability provided by the customer. Rust et al. (2004) also noted that companies realize the benefit of being more customer-focused, but many do not know how to implement the process into the daily operations of the business.

Equity Theory

Equity theory provides a theoretical framework for this study. The basis of equity theory is an understanding of how social phenomenon or social cues influence people's perceptions of fairness (Adams, 1965; Bagozzi, 1975; Walster, Walster, & Berchield, 1978). In essence, equity theory states that the exchange or transaction is fair if the cost/benefit ratio is the same for both parties (Adams.

In the relationship between employees and employers, employees' inputs are their perceptions of the value of their labor; and the outcomes are the value of the remuneration. From the employer perspective, the "input is the perceived value of the remuneration and the ‘outcomes’ are the perceived value of the labor” (Akerlof & Yellen, 1990).

Equity theory also suggests the perceptions of fairness in a social exchange affect the perception of satisfaction with the overall exchange. Overall, there is considerable support for the prediction of equity and inequity in social interaction such as in customer to business relationships (Messick & Cook, 1983; Mowen & Grove, 1983; Oliver & Swan, 1989a, 1989b). In this study, equity theory provides a theoretical framework because when applied to the customer-business relationship, the business must generate an excess of outcomes from its customers to generate a profit while maintaining an equitable perception from both parties.

Customer Equity Theory

Customer equity has been defined by Blattberg and Deighton (1996) as “the measure of each customer’s expected contribution toward offsetting the company’s fixed costs over the expected lack of that customer. Then discount the expected contribution to a net present value at the company’s target rate of the return for marketing investments,” (p. 138). In their article, they suggest that the question companies should be asking when determining new products or services is, “Will it increase customer equity?” If not, then it will not benefit the company to do it. If, however, the marketing effort will increase customer equity, it should be implemented.

Blattberg and Deighton (1996) also suggested customer equity should be used to find a balance between acquiring customers and retaining customers. They used a decision making tool called decision calculus. This tool breaks down a complex problem into smaller issues and makes judgments about each issue separately and then uses a formal model to answer the larger question once the smaller issues are addressed. Blattberg and Deighton were able to plot the points of acquisition spending to find the optimal acquisition level and the points of customer value during the first year to determine the optimal customer value. By doing this, they were able to determine at what point the company should not spend money on acquiring a customer based on customer value.

Hansotia (2004) explains why companies should learn to manage customer equity. First, companies should consider the financial ramifications of understanding and implementing customer equity strategies. Financial theory tells us that the net present value (NPV) of its projected cash flow may estimate the value of the company (Van Horne, 2001). The basic concept behind customer equity is that customers are the greatest asset of the business since they are the ones who generate revenue for the business; therefore, managing customer equity means the business should make investments into their customers and determine how they should be made for the greatest benefit (Hansotia, 2004).

Second, companies should also determine which marketing programs will increase cash flow and evaluate those programs to maximize the utility. To continuously increase cash flow, a business either needs to increase the number of customers or increase the equity or lifetime value of some of their customers. According to Hansotia (2004), this means:

1. acquiring only those customers whose lifetime value exceeds the marketing cost of acquiring the customer,
2. continuously developing customers through add-on selling and making marketing investments so that the increase in customer equity exceeds the cost of the add-on selling,

3. retaining profitable customers for as long as possible and making customer retention investments such that the resulting increase in customer equity exceeds the cost of the retention program. (p. 321)

Customer equity has also been used to determine which marketing strategies have the greatest return on investment. Rust, Lemon, and Zeithaml (2004), in their study, provided a method for estimating the effects of individual customer equity drivers which were able to project the return on investment that occurred from expenditures on particular drivers. They used a multinomial logit regression model for estimating brand switching and were able to separate the drivers' effects from the inertia effect. The results of their study allow industry practitioners a way of answering questions as to whether more money should be spent on advertising the event or improving the quality of the programming?

Increasing customer equity should be an important business strategy in today's market. The ability to increase customer equity depends greatly on: (a) how well a company understands their customers, (b) the competitiveness of the market, (c) how well a company targets their marketing investments, and (d) how mature the company may be (Blattberg & Deighton, 1996; Blattberg, Getz, & Thomas, 2002a; Rust, Lemon, & Zeithaml, 2002; Rust, Lemon, & Zeithaml, 2004; Rust, Lemon, & Narayandas, 2004).

One of the most straight forward explanations of customer equity is presented in Rust, Zeithaml, and Lemon's (2002) book, *Driving Customer Equity*. They identify the drivers of customer equity as being value equity, brand equity, and retention equity. Value is important to all customers because their choice to select the product or service is influenced by their perceptions of value the organization or the firm has to offer.

Brand has also played an important part of the purchasing selection process (Aaker & Keller, 1990; Hoeffler & Keller, 2003). Although there are several definitions of brand used throughout research, all imply there is a “brand knowledge structure held in the minds of the customer” (Hoeffler & Keller, 2003, p. 421).

Retention equity refers to the fact that customers make a choice when they patronize a business. When a customer feels a connection with the firm or organization then the customer is more likely to repatronize the business. Since the Rust et al. (2002) study, the term has been changed from retention equity to relationship equity. For purposes of this study, relationship equity will be used.

Value Equity

Value equity represents the customer’s objective evaluation of what the organization or firm has to offer. Value equity is defined as “the customer’s objective assessment of the utility of a brand based on perceptions of what is given up for what is received” (Rust, Lemon, & Narayandas, 2004, p. 24).

Research in the area of customer’s perceived value has defined three key drivers of value to include convenience, price, and quality (Gale, 1994; Parasuraman, (1997); Woodruff, 1997; Zeithaml, 1988). Convenience is judged based on the actions the company takes to reduce the cost and effort a customer makes to conduct business with that provider. Price represents what is given up by the customer (usually money and/or time), and quality encompasses the perceived standards of the product or service and the manner in which it was delivered (Rust et al., 2004).

Convenience is a term used by consumers to express their perception of value. Sometimes convenience may mean location (proximity of the grocery store from where one lives), while others may perceive convenience as easy access or contact (such as email, fax, or phone). Some people view convenience as more important than price or quality.

A prime example of the power of convenience is often as close as the nearest McDonalds. There are over 30,000 McDonalds operating in the world today and on any given day 5% of the world's population eats at a McDonalds (McDonalds, 2006; Schlosser, 2003). This exemplifies convenience, price, and quality all dimensions of value.

Companies compete with price in many different ways. Rust, Zeithaml, Lemon (2002) refer to three ways of price differentiation: (a) offer discounts and sales, (b) offer the everyday low prices, or (c) offer payment plans to reposition the price at a future time. Selecting the right pricing strategies is critical because price is not always the most important attribute of the customer's perception of value.

For example, in Lockyer's (2000, 2002) studies, he found that price or room rate were not rated highly by potential guests as decisions for selecting accommodations. Research has shown there is a gap between what hotel managers think is important and what guests say is important when selecting hotel accommodations (Lockyer, 2002).

According to Cross & Dixit (2005), most pricing is still product-centric which means that managers focus on the cost of the product, what it offers, and the profit margins they want to obtain. Successful companies, however, are trying to get into the heads of their consumers by making pricing customer-centric so that pricing accurately reflects the perceived value (Anderson & Nasr, 2003; Cross, 1997).

The concept of quality has been used in marketing as a deferential tool between one company and another company, and/or between one service and another service. In the early 1980s, two quality systems became popular and gained notoriety in the industry when Japanese firms applied Just in Time (JIT) and Total Quality Management (TQM) systems in their businesses. They gained market share in some industries (Shoham, & Brencic, 2004).

JIT philosophy emphasizes quality through the reduction of inventory and waste, whereas TQM's philosophy emphasizes the data-driven approach to evaluating customers' needs and expectations. The success of quality systems is determined by the measurement of improvements or lack of improvements. Information management can be used to make better decisions. The primary focus of quality systems is customer satisfaction. Even though there is skepticism about the value quality may bring (Hendricks & Singhal, 1997), the fact remains that customers want quality products and services at the lowest possible price. Customers are satisfied when they get value and when quality is part of the value evaluation (Heskett, Jones, Loveman, Sasser, Schlesinger, 1994).

Quality often relates to positioning in marketing typically due to the performance or attributes of the product or service (Karmarkar & Pitbladdo, 1993). Customers use quality in making purchasing decisions based on their perceptions of quality for the product or service. Quality, therefore, is often a key driver in the decision making process.

The important thing to remember about quality is that it means different things to different people. That is why knowing one's customer is so important.

Customer Lifetime Value

Customer lifetime value (CLV) is defined as a measure of the future profit flow from the customer to the firm, adjusted for the customer's future probability of purchasing from the firm, and appropriately discounted to the present (Rust, Lemon, Narayandas, 2004, p. 23). Once one knows the customer's lifetime value, one will know how much money can be spent or lost to gain the customer and make the sale.

To give an example of customer lifetime value, one can assume that an association's investment horizon is two years and that Member A attends the annual convention every other year. The Brand Switching Matrix (see Table 2) is used to illustrate this example. The probabilities for attendance of Member A this year is .80 for attending the PCMA conference (given that the member did not attend last year), .1 for attending MPI, and .1 for attending IACVB. If Member A attends PCMA this year, then in two years the probabilities of attending would again be .8 for PCMA, .1 for MPI, and .1 for IACVB. If Member A attends MPI this year, the probabilities in two years would be the second row. If Member A attends IACVB this year, then the probabilities of attending in two years is noted in row three. This tells us Member A's brand choice probabilities.

Table 2. The Brand Switching Matrix

	To			
From		PCMA	MPI	IACVB
	PCMA	.8	.1	.1
	MPI	.3	.6	.1
	IACVB	.1	.2	.7

How much is it worth to the association for Member A to attend? Suppose a firm uses a discounted rate of 10% per year and that Member A attends one convention each year, and the contribution to profit from each attendee is $50. To calculate Member A's CVL to the PCMA association, consider that PCMA has an 80% chance of Member A attending their convention which means an expected contribution of $50 x .80 = $40. Member A's second convention will be in two years, again a $50 contribution, but this time there is only a 68% chance that Member A will attend PCMA. This will lead to an expected contribution of 50% x .68 = $34. The purchase is in two years, meaning that the amount needs to be discounted by a factor equal to $(1 + \text{discount rate})^{-2} = (1.10)^{-2} = .826$. This means PCMA's expected contribution in two years is worth $34 x .826 = $23.21. To calculate Member A's CLV, add the contributions from Member A ($40 + $23.21 = $63.21).

Customer lifetime value is an important part of designing, budgeting, and implementing marketing decisions (Dwyer, 1989). It may not benefit a company to maintain a relationship with customers if they have a short life-cycle with the firm or their switching behavior is high. One of the challenges with calculating CLV is that there is a requirement of knowing or estimating the customer' life-cycle with the firm. Advances in technology are making it feasible to better track and understand customer behavior. What once was impractical is now becoming possible due to customer relationship software packages available in today's industries (Jackson, 1995, Berger and Nasr, 1998).

According to Berger and Nasr, (1998) there is an inherent danger when a firm over focuses on CLV and attempts to secure the absolute maximum revenue from the most active and most profitable customers. Firms should not neglect opportunities other customer pools may offer for generating revenue. The results could be a continuous increase in CLV from the most frequent customers and a steady decrease in a larger pool of customers causing a decline in overall profits of the firm.

Given the above example of CLV, suppose there are two customers (Customer A and Customer B). Customer A has a lifetime value of $63.21 and Customer B has a lifetime value of $48.97. When calculated, the average is $56.09. Suppose PCMA's membership is 16,000. With that being the case, PCMA's estimated customer equity is the average CLV multiplied by the number of customers ($56.09 x 16,000) = 897,440. Expressing this as a general formula, using customer *I* from the sample, firm *j's* customer equity, CE_j is estimated as:

$$CE_j = \text{mean}_i\ (CLV) \text{ X POP}$$

Mean*(CLV)* is firm *j's* average lifetime value for customers *i* across the sample, and POP is the total number of customer in the market, in this case (16, 000). This example was modified as illustrated in Rust, Lemon, and Narayandas (2004, p. 142).

Brand Equity

In recent years, there has been some confusion and even debate between brand equity and customer equity. According to Amber et al. (2002), some business trade publications posit that brand should be the main focus of firms while other posit that firms should do everything possible to increase and sustain their customer equity position. In the current study, brand is a construct of customer equity; and for some customers, brand is what drives an increase in customer equity.

Brand equity is defined as: “the customer’s subjective view of the organization” and/or convention center and its offerings (perception of brand awareness, attitude toward the brand) (Rust, Zeithaml & Lemon, 2002). A customer’s perception of a brand tends to be emotional and subjective. According to Keller (1993), customers who associate with a particular brand have positive brand equity meaning they respond more to marketing activities when a brand is mentioned.

Brand equity has also been linked directly with a firm’s performance. Kim and Kim (2005) indicated in their study that brand loyalty, perceived quality, and brand image are important components of customer-based brand equity. Brand equity was measured using four components (brand loyalty, brand awareness, perceived quality, and brand image). The current study differed from Kim and Kim’s work in that perceived quality was treated as a value component rather than a brand component. Sales were used to determine the performance of the firm.

Relationship Equity

The field of marketing has been redirected in both theory and practice toward relationship marketing (Morgan & Hunt, 1994). The basic principle behind relationship marketing is the creation and maintenance of a long term relationship between customers and a company. In the past, many businesses survived through transactional relationships.

The implementation of automated teller machines (ATMs) gave customers an opportunity to conduct banking transaction without the need for an associate, thus cutting labor costs for the banking industry. Due to the absence of an interpersonal connection in the service encounter, banks are concerned that due to their aggressive push toward encouraging and rewarding customers to use self- service technologies, they may have eroded the personal connection they once had with a number of their customers (Furlonger, 2005).

The advances in technology have certainly played an important role in the implementation of systems which help manage customer information. Relationship management is costly (Berger & Nasr, 1998). Over the past few years, many companies have invested in customer relationship software (CRM) to help manage the relationship between them and their customers. Companies are doing this in hopes of improving customer satisfaction and keeping customers longer.

According to Hansotia (2004), this is not always the case; software venders are being blamed for their products' not being able to deliver as promised, and business are being accused by software venders that their companies do not have the proper processes in place to capitalize on the benefits the software has to offer. Whether companies are maximizing the use of CRM software packages or not, companies understand the value of the customer-business relationship. The customer-business relationship that is developed during the early decision period strongly influences whether the customer will remain a customer (Blattberg, Getz, & Thomas, 2002b).

Measurement Model

This study was conducted to investigate specific sub-drivers of customer equity that are pertinent to the customers in the convention industry. The Customer Equity Model developed by Rust et al. (2002; 2004) was tested. There are multiple customers in this industry simultaneously; however, for the purposes of this research, the customer of the convention center is the show managers and the company is the convention center. Although the attendees may be considered the ultimate customer for both the organization having the event and the convention center, this study did not address this specifically. Figure 3, The Customer Equity Model, includes suggested sub-drivers that were investigated in this study.

The Customer Equity Model represents the relationships between the sub-drivers and the drivers and the relationships between the drivers and customer equity. There are three drivers of customer equity: (a) value equity, (b) brand equity, and (c) relationship equity. The power of each driver is influenced by sub-drivers. Sub-drivers may change from one industry to another (Rust, Lemon, and Zeithaml, 2004). In the case of this study, it was important to establish sub-drivers that were specific to the convention industry. Although there are generic sub-drivers that can be used as a guideline, it is important to determine what is important to the customers specific to a given industry (Blattberg & Deighton, 1996).

Value equity is defined as “the customer’s objective evaluation of the value offered by the convention center. The value could be derived through convenience, price and quality of offerings” (Rust, Lemon, & Zeithaml, 2004, p. 110). Quality, price, and convenience not only mean different things to different customers, but one may be more important to a customer than another. For example, a meeting planner may value the location of a convention center because it is centrally located for easy access for the attendees of an event; thus, convenience is more influential than price or quality for that particular group of businesses.

Brand equity is defined as the customer’s subjective view of the convention center and its offerings (Rust, Zeithaml, & Lemon, 2002). The key sub-drivers for brand equity are: customer brand awareness, customer attitude toward the brand, or customer’s perceptions of brand ethics. One example of this is found in the meeting planner who may be influenced by a convention center's brand offered in the industry that sets them apart from other centers. Many meeting planners may not want to book some types of events in Las Vegas because of the perception of that destination holds in the minds of their clients. In contrast, other groups may not want to book at the convention center in Orlando because they may feel it is too family oriented and does not offer enough adult entertainment options to meet the needs of their clients.

Relationship equity is the customer's view of the strength of the relationship they have with the convention center. The key sub-drivers of relationship equity are: loyalty programs, special recognition and treatment programs, affinity programs, community building programs, and knowledge building programs. If meeting planners have established a good relationship with the support staff at a particular convention center, they may not consider it worthwhile to change locations for a particular event and build trust with another center's staff.

(Sub-Drivers) (Drivers) (Outcome)

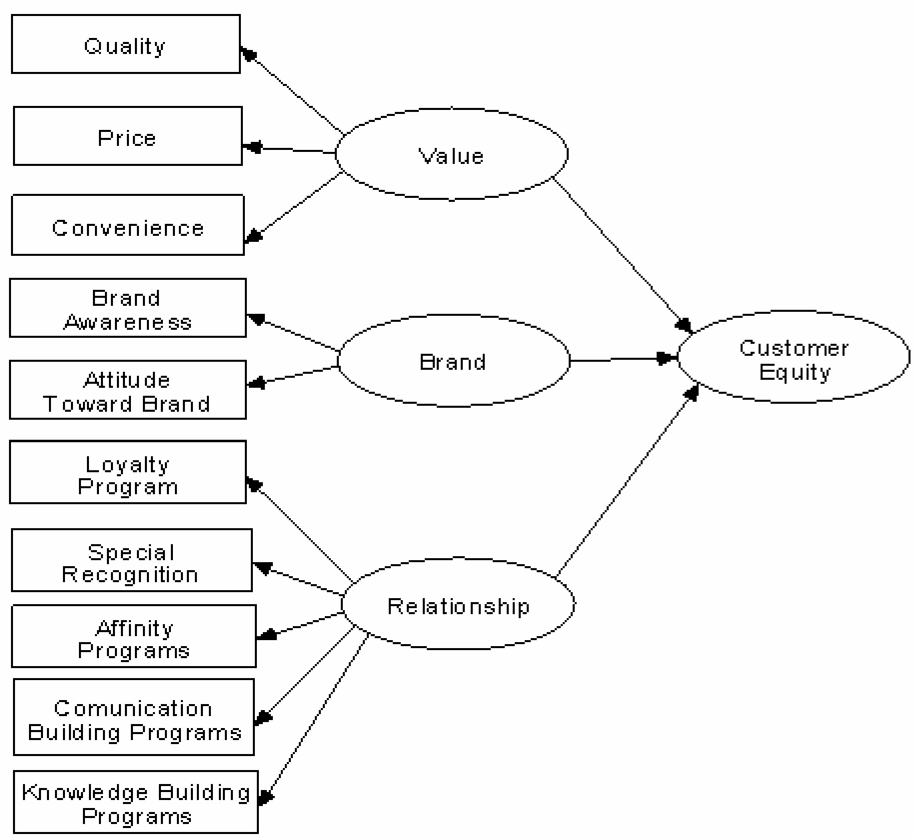

Figure 3. Customer Equity Model (CEM) with Drivers.

Summary

This chapter detailed the extensive literature which, when combined with industry's need, led to the author's decision to study customer equity in the event industry. Reviewed in this chapter were the convention management literature, the relevant drivers in the convention industry, and customer equity literature including value, brand and relationship. Also discussed was the process of estimating customer lifetime value once the drivers are understood. Finally, the chapter offered the theoretical model that will be measured in this research.

CHAPTER III

METHODOLOGY

Introduction

This chapter outlines the specifics of the methodology for this study. This study uses a quasi design utilizing both qualitative and quantitative analysis. First, the qualitative research portion of the study will be outlined and discussed. Second, the quantitative portion of the study will be outlined and explained. The last section of this chapter links the qualitative objectives with the quantitative objectives of the study to illustrate how the research questions are answered using this methodology.

Introduction to the Research Procedures of the Study

This research is being supported by the second largest convention center in the United States. The researcher worked directly with the research department and the marketing department of the convention center to implement the research process as presented in Figure 4.

The first two steps in the process, identifying key decision-making issues and identifying sub-drivers of customer equity from the show manager's perspective, used qualitative interviews to meet this objective. Once the sub-drivers were identified, an electronic questionnaire was developed and administered to the show managers. Data were analyzed by first calculating customer lifetime value, then by calculating customer equity, next by determining drivers and sub-drivers of customer equity, followed by identifying the effect of marketing effort on customer equity. The final step in the research process was identifying critical decision-making points where potential marketing efforts would have the greatest impact in increasing customer equity.

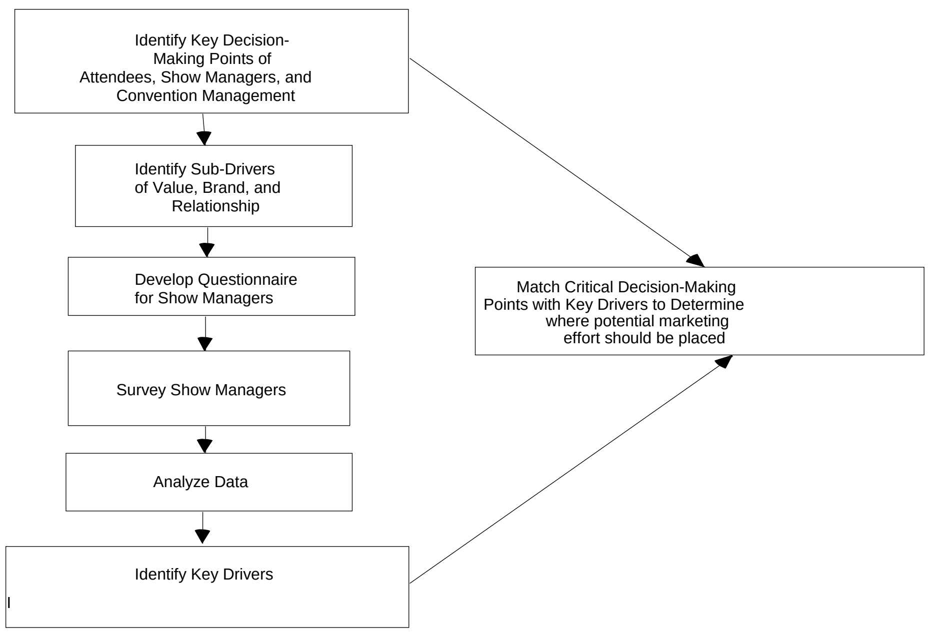

Figure 4. Research Process

Qualitative Method

The qualitative research in this study included two parts. Part one involved identifying and conducting in-depth interviews with attendees and part two involved identifying and conducting in-depth interviews with show managers. Interviews were selected for this data collection process because the aim of this portion of the study was to clarify concepts such as value, brand, and relationship equity referred to by Rubin and Rubin (2005) as concept clarification. The purpose of the interviews was twofold: (a) to explore decisions made by attendees and show managers before, during, and after a convention and (b) explore what the concepts of value, brand, and relationship mean to these two stakeholder groups. Of the 41 interviews, 39 were digitally audio-taped and then transcribed for the purpose of performing content analysis. The researcher took copious notes during the two interviews where the interviewees opted not to be audio-taped.

To meet the requirements of the Institutional Review Board (IRB) and professional codes of ethics, the researcher obtained a signed informed consent statement from each of the interview participants. An informed consent form describes the purpose of the study, provides the credentials of the researcher, and points of the benefits of the study (Rubin & Rubin, 2005).

Qualitative: In-Depth Interviews with Attendees

The first step in this research process was to interview people who had attended an event at a convention center within the past 12 months. Events could include: tradeshows, public consumer shows, and annual conventions with or without exhibits.

Since associations play such a vital role in the convention industry, three regional associations were ask to participate in the study. These associations solicited members to volunteer for the interview process. The three associations were: Hospitality Financial Technology Professionals (HFTP, Orlando Chapter), Meeting Professionals International MPI, and Caribbean Council on Hotel Restaurant Institutional Education. A total of 7 members from each association were interviewed for a total of 21 attendee interviews.

Each association president was given a brief study proposal outlining the purpose of the study, the methodology, and a list of questions that would be asked in the interview process. The researcher personally asked members of the associations to participate in the study after gaining permission from the association presidents and acquiring a list of chapter members from the presidents.

This interview process used both open-ended and closed questions. The purpose of using a qualitative method is to gain a deeper understanding about: (a) how attendees perceive the terms value, brand, and relationships; (b) what influences their decisions pertaining to the convention; specifically what are some of the decisions they make as an attendee before, during and after the convention; (c) what matters most to them when attending a convention, and if they think improvements in value, brand, and relationships would change their decisions to attend the next convention. Each person interviewed was asked the same series of questions. Upon gaining permission from each individual person being interviewed, the interviews were digitally audiotaped.

Two experienced association presidents were interviewed to identify key marketing strategies used to promote convention attendance and participation in an association. These interviews included: Anthony Marshall, past President & CEO of the

Educational Institute of the American Hotel & Lodging Association; Dr. William Fisher, past President and Chief Executive Officer of the American Hotel & Lodging Association (AH&LA) and chief staff officer of the National Restaurant Association (NRA). The researcher posed a series of questions to explore their perceptions of value, brand, and relationship in respect to their association convention experience. Interviews were audio-taped and then transcribed.

Qualitative: In-Depth Interviews with Show Managers

This interview process used both open-ended and closed questions. The purpose of using a qualitative method was to gain a deeper understanding of the following: (a) What drives show manager’s perceptions of value, brand, and relationships with the convention center? and (b) What are key decision-making issues in the process of planning and executing an event?

The interview process used both open-ended and closed questions. The supporting convention center provided a list of show managers who were current members of their Client Advisory Board (CAB). The mission of the Client Advisory Board is to work closely with the convention center and the Convention and Visitors Bureau staff to enhance the city-wide meeting and convention experience. This, in turn, supports the convention center’s mission of economic development through strategic planning.

The Client Advisory Board membership encompasses a broad range of convention and tradeshow managers, such as representatives from the American Academy of Family Physicians and the International Association of Amusement Parks & Attractions/IAAPA. This sample was determined appropriate due to the participants’ experience with top tier convention centers within the United States and their commitment to the industry by serving on a Client Advisory Board for a leading convention center.

The convention center's research department made initial contact with the Client Advisory Board members and encouraged support for the study by indicating the results would assist the convention center in better serving their customers. From the 43 Client Advisory Board members, a random sample of 22 were selected ask to participate in the study. 21 of the 22 selected board members participated in the study. Since the average number of shows produced at the convention center each year is 115, the 22 interview participants were representative of the overall population of customers for the convention center. The average time to conduct an interview was 47 minutes and ranged from 22 minutes to 177 minutes in length.

The following research design was used to conduct the qualitative interviews. The first step was to send an initial email to the participants to introduce the researcher, indicate the purpose of the research, the timeframe of the interviews, and thank the participants for their time and sharing their expertise to improve and advance the convention industry. The second step was to phone each of the interviewees to schedule a telephone interview. The third step was to conduct the telephone interviews. Since the participants were in various locations around the United States, telephone interviews were selected to meet the data collection criteria. The fourth step in the qualitative process was to transcribe each of the interviews. The transcription documents for the 21 interviews and interview notes comprised 231 pages of qualitative data.

The final step in the qualitative process was analyzing the qualitative data using the qualitative software program NVivo7. NVivo7 was used to sort data and assist in the investigation of themes and patterns within the data. The analysis took a systematic approach of identifying key words and key phrases among the responses. This process allowed the researcher to meet validity and reliability issues that can arise in qualitative research.

Quantitative Research

Survey Instrument

The show manager's survey instrument used in this study was adapted from the survey instrument used by Rust, Zeithaml, and Lemon's (2002) in their study. In Table 3, a comparison between the survey instrument of Rust et al. and that used in the current study is provided along with the changes in specific wording regarding value, brand, and relationship equity relative to this industry. The survey instrument is provided in Appendix C. The survey requested respondents answer questions based on their experience with four different convention centers (Orange County Convention Center, Las Vegas Convention Center, Chicago's McCormick Place, Georgia's World Congress Center). These convention centers were used in this study based on the competitiveness between the four centers and based on the expertise of the Orange County Convention Center's management team. All customer equity constructs were measured on a 5-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

Once the interviews with show managers were completed, the questionnaire was completed. The survey included four parts. The first part included questions to collect data on switching behavior and obtain purchasing patterns. The second part of the questionnaire measured the constructs of customer equity derived from the interview process. The third part of the questionnaire was designed to evaluate if a change in marketing effort for one of the constructs of customer equity could initiate a change in customer equity based on the proxy of intention to return. The fourth part of the questionnaire obtained demographic information.

The initial draft of the questionnaire was reviewed for language clarity and face validity of the scale items by two hospitality management professors and members of the research department at the convention center.

Table 3. Comparison of Rust, Zeithaml, and Lemon's (2002) Customer Equity Survey and Current Study's Survey

Rust, Zeithaml, and Lemon's Customer Equity Survey	**Show Manager Survey**
1. Which of the following airlines did you most recently fly (please check one)	1. Which of the following convention centers did you most recently book?
2. The next time you fly a commercial airline, what is the probability that you will fly each of these airlines?	2. The next time you book a convention. What is the probability that you will book at each of the following convention centers?
3. When you fly, how much on average does the airline ticket cost?	3. How much on average do the shows you book cost?
4. On average, how often do you fly on a commercial airline?	4. On average, how often do you book at the following convention centers?
Value Construct	**Value Construct**
5. How would you rate the overall quality of the following airlines?	5. How would you rate the overall quality of each of the following convention centers?
6. To what extent is the quality of the following airlines worth the price?	6. To what extent is the quality of each of the convention centers worth the price?
7. How would you rate the competitiveness of the prices of each of these airlines?	7. How would you rate the competitiveness of the prices of each of these convention centers?
8. The airline flies when and where I need to go.	8. The convention center is in a convenient location.
9. The check in and out procedure at the airport is excellent.	9. Move-in and move-out logistics for the convention center is excellent.
10. It is easy to make reservations with the airline.	10. The following convention centers make the booking process easy and seamless.
11. Please rate the "everyday" or regular prices charged by each of these airlines, compared to other airlines.	11. The following convention center's prices are extremely fair compared to other convention centers.

Brand Construct	Brand Construct
12. Please rate the discounted prices offered by each of these airlines.	12. The following convention centers provide extremely competitive discounts.
13. My attitude toward the airline is extremely favorable	13. My attitude toward the convention center is extremely favorable.
14. I often notice and pay attention to the airline's media advertising.	14. I often notice and pay attention to the convention center's media advertising in trade journals.
15. The airline is well known as a good corporate citizen.	15. The convention center has a good reputation in this industry.
16. The airline has high ethical standards with respect to its customers and employees.	16. The convention center has high ethical standards with respect to its customers and employees.
17. The image of this airline fits my personality well.	17. The image of this convention center fits my event's purpose well.
18. I have positive feelings toward the airline.	18. I have positive feelings toward the convention center.
Relationship Construct	**Relationship Construct**
20. I have a big investment in the airline's loyalty (frequent flyer) program.	20. I have invested a great deal of time developing a relationship with the staff of the following convention centers.
21. The preferential treatment I get from this airline's loyalty program is important to me	21. The preferential treatment I get from the convention centers is important to me.
22. I know this airline's procedures well.	22. I know this convention center's sales and booking procedures well.
23. The airline knows a lot of information about me.	23. The convention center knows a lot about the shows I book.
24. This airline recognizes me as being special.	24. This convention center recognizes me as being special.
25. I feel a sense of community with other passengers of this airline.	25. I feel a sense of community working with the staff of the convention center.

Measurement of Constructs

Value equity was measured using seven items and was multidimensional using quality, price and convenience/location. Quality, price, and convenience are drivers of customer's perceptions of value. With each of these drivers, there are sub-drivers which help drive the drivers (quality, price, and convenience). The qualitative approach in this study was aimed at determining the most important sub-drivers of value equity. Some of the survey items included: "The conference was held in locations I wanted to go," "It was easy to register for this conference," and "How would you rate the competitiveness of the prices of this conference compared to other conferences you have attended?"

Brand equity was measured using eight items and was multidimensional using customer (attendee) brand awareness, customer (attendees) attitude toward the brand or event, and customer (attendee) perception of brand ethics. These three drivers of brand equity have been used in pervious research (Rust, et al., 2002; Rust, et al., 2004).

There were also related sub-drivers to each of the drivers of brand equity (Rust et al., 2002). The sub-drivers of customer brand awareness are communication mix, media, and message. The sub-drivers of customer attitude toward the brand are communications message, special events, brand extensions, brand partners and product placement, and celebrity endorsement. The sub-drivers of customers' perceptions of brand ethics are community events, private policy, environmental records, hiring practices, and guarantees. Again, these sub-drivers change depending on the customers and industry. The qualitative approach in this study was aimed at determining the important sub-drivers of brand equity. Some of the survey items were: "The image of the following convention centers fit my event's purpose well" and "The following convention centers have a good reputation in this industry."

Relationship equity was measured using six items and was multidimensional using loyalty programs, special recognition and treatment programs, affinity programs, community building programs, and knowledge-building programs. Again, these sub-drivers change depending on the customers and industry. The qualitative approach in this study was aimed at determining the important sub-drivers of relationship equity. Some of the questions were: "I have a big investment with this association, "The preferential treatment I get from this association is important to me," and "The association recognizes me as being special."

Although the initial survey instrument was developed and implemented for use in the Rust, Zeithaml, and Lemon (2002) study which was conducted using four industries, , scale reliabilities were not provided in the literature. Reliabilities for the current study are provided in the following chapter and are above the .70 benchmark suggested by (Babbie, 1998).

Population and Sample

The population for the study were the customers of the OCCC from 2004 through May of 2006. From historical data, the average number of shows per year was 110 for show types: conventions with exhibits, convention without exhibits, and consumer shows. This number does not include small meetings, special events, of community interest groups. The research department of the convention center provided a list of 489 show managers over the past 5 years. All 489 customers were sent the electronic questionnaire. From the 489 email request sent, 21 emails were bounced back due to incorrect email address on file.

Survey Method

The tailored design method (TDM) was employed to conduct the survey research in this phase of the study. First, a pre-notice email was sent to all prospective participants from the Orange County Convention Center approximately 10 days prior to email providing the link access to the questionnaire. This notice identified the importance of their participation of this study. Research has shown that a pre-notice announcement improves response rate in survey research (Dillman, 1991; Dillman, Clark, & Sinclair, 1995).

The second notification was emailed and contained the link to the survey along with a message stressing the importance of participation in the study. This message in the email informed participants that their participation was of great value to the meetings and convention industry. It also stated participation was strictly voluntary and that answers would be confidential.

The third step was to send a follow-up email as a Thank you/reminder. This was sent two weeks after the initial email with the link to the questionnaire. The fourth step was to send another email with the survey link 10 days later. The fifth and final contact was another email designed to elicit a response. This process follows Dillman's (2000) tailor design method (TDM) for survey research and was intended to maximize the response rate.

Data Analysis

Qualitative Data Analysis

The qualitative analysis evaluated data from the in-depth interviews with attendees, show managers, and experienced national association presidents. All interviews were transcribed and all interviews notes were included for data analysis. Once the interviews were transcribed, the researcher discussed concepts identified in the literature review. In this case, value equity, brand equity, and relationship equity concepts set the framework for coding and analyzing data. The researcher used content analysis in conjunction with the literature review to establish the Convention Decision-Making Model (CDMM) which is displayed in Appendix B. This model served as a framework for indicating critical decision-making points for the attendees and show managers in the convention industry.

This qualitative analysis answered the following research questions: (a) What are the critical decision-making issues made by the attendees and show managers before, during and after the convention experience? and (b) What are the drivers and sub-drivers of the customer equity constructs value equity, brand equity, and relationship equity specifically in the convention industry? Table 4 summarizes each of the research methodologies used in the study and how each methodology contributed to responding to the research questions which guided the study.

Table 4. Methodology for Answering Each Research Question

RQs	Research Questions	Methodology for Answering Research Questions
RQ1	What are the critical decision-making issues made by the attendees and show managers before, during and after the convention experience?	Qualitative Interviews Content Analysis Literature Review
RQ2	What are the drivers and sub-drivers of the customer equity constructs value equity, brand equity, and relationship equity in the convention industry?	Qualitative Interviews Content Analysis
RQ3	Is there a single predominate driver of customer equity (value equity, brand equity, or relationship equity) for show managers in the convention industry?	Quantitative Analysis Principal Component Analysis
RQ4	How can a customer equity approach be used to measure the effectiveness of marketing effort in the convention industry?	Quantitative Analysis

Quantitative Data Analysis

Principal Component Analysis (PCA)

Principal component analysis (PCA) involves a mathematical procedure that transforms a number of variables into a smaller number of variables called principal components. This approach was selected to be used in this study because similar to customer satisfaction measurement, multicollinearity was an issue and needed to be addressed (Peterson & Wilson, 1992; Rust, Lemon, & Zeithaml, 2004).

Principal component regression contest multicollinearity quite well (Frank & Freidman, 1993). For this study, SPSS 15.0 was used to implement this statistical technique. Principal components regression is a two-phase procedure. In the first phase, the first principal component accounts for as much of the variability in the data as possible, and each succeeding component accounts for as much of the remaining variability as possible. The number of components will be determined based on using the eigenvalue cutoff of 0.5.

In the second phase, the principal components are used as independent variables in the regression analysis. Principal components can be expressed in a linear expression or combination of independent variables; thus, the coefficients of the independent variables can be estimated as a function of the coefficients of the principal components and will give the best estimate of the drivers' effect. Equations for principal component regression are as follows:

$$(Equation1): U_{ij} = (X_{ij} A^*)Y^* = X_{ij}(A^* Y^*)$$

Where U_{ij} is the estimated utility, which means that $\beta^* = A^* Y^*$ can be the estimated coefficients. The coefficients of Xij are generated by multiplying the regression coefficients obtained for the logit regression on the factor coefficients that relate the drivers to the factors.

Calculating CLV

The CLV_{ij}, of customer i to brand j is:

$$CLV_{ji} = \sum_{t=0}^{T_{ij}} (1 + d_j)^{-t/f_i} v_{ijt} \pi_{ijt} B_{ijt}$$

where T_{ij} is the number of purchases the show managers i is expected to make before the convention center's j time horizon (for purposes of this study the time horizon for a convention center is 5 years), and B_{ijt} is the probability that a show managers will select convention center j in purchase t, v_{ij} is the average purchase volume for customer i and convention center j, d_j is the convention center's discounted rate, and f is the frequency of purchase (Rust, et al 2004).

Customer equity was estimated as:

$$CE_j = mean_j \left(CLV_{ij} \right) \times POP,$$

where $mean_i(CLV_{ij})$ is the average lifetime value from convention center j's customers i across the sample, and POP is the total number of customers ((Rust, et al., 2004). The CLV of each customer in the sample was calculated separately before the average was taken.

In order to calculate an estimate of CLV and CE, annual reports for the past three years were analyzed. One of the first things to determine is the contribution margin for the convention center. The equation used is:

Total Operating Revenues - Labor Expense - Materials and Supplies = Gross Margin

From gross margin, we subtract operating cost to get the net profit/loss. The convention center also has non-operating revenues such as interest of investments, room tax, surcharge from 3 surrounding hotels, and revenue from bonds sold. For purposes of calculating CLV per respondent, the "Reserve" was considered as retained earnings. Excel spreadsheets were used for ease of calculation. Examples are provided in Appendix C. To obtain the total customer equity, the average CLV was multiplied by the average

CLV across all respondents. Thus, CLV was calculated for each respondent in the sample as well as their projected customer equity.

Measuring Marketing Effect

The survey instrument asked respondents if there was a change in each of the drivers of customer equity, how likely would the changes influence their decision to return? A sample question was "How likely would you be to rebook with the following convention centers if you felt the overall quality was improved by 50% (a moderate improvement)?" A follow-up question was "How likely would you be to rebook with the following convention centers if you felt the overall quality was improved by 100% (a substantial improvement)?" By doing this, the researcher was able to determine at what point an additional improvement would most likely initiate a change in behavior. By using intentions to return as a proxy for behavior, the change in customer equity could be estimated as well as determining the marketing effort for that driver of customer equity. Likewise, by determining when behavior was most likely to change based on percentage of improvement, change allowed a more accurate measurement.

Once CLV and CE were estimated, excel spreadsheets were utilized to calculate the change in CE based on the marketing effort. For example, in order to determine a change in CE, an index was created. Each index score was then used to calculate the change in CE for each marketing effort. Appendix C contains an example of the spreadsheet calculations.

Summary

In this chapter, the methodologies used to conduct the research have been presented. First, the research process was explained. Second, the qualitative and quantitative data analyses processes were discussed. A presentation of the equations used in the quantitative data analysis concluded the chapter.

CHAPTER IV

FINDINGS

Introduction

Study results are presented in this chapter by first presenting the qualitative results from the attendee and show manager interviews followed by the quantitative results from the survey research. The quantitative results are presented in the following sequence: (a) demographics, (b) reliabilities, (c) principal component analysis, (d) multinomial logit regression, (e) customer lifetime value, (f) customer equity, and (g) measuring marketing effort.

Decision Making Criteria for Attendees

Fifteen interviews were conducted with people who had attended an annual conference or convention within the past 12 months. Of the 15 participants, 8 were female (53%) and 7 were male (47%). The purpose for conducting attendee interviews was to explore decisions made by attendees before going to a convention, during their convention experience, and after a convention. Three questions were posed to the participants: (a) What decisions do you make before attending a conference? (b) What are some of the decisions you are faced with once you are at the convention? and (c) What types of decisions do you make after the convention?

To better identify key words and phrases, the researcher grouped responses for each question and then analyzed them by individual questions. This process was validated using NVivo7 software to identify key words and phrases. The following section includes each interview question, data analysis summary, and key statements from the interviewee to support the Convention Decision Making Criteria Model presented in this chapter. The results from the attendee interviews and show manager interviews are presented separately; however both are included in the Decision Making Criteria Model to indicate when and what key decisions are made to best implement marketing efforts to maximize customer equity.

Question 1: What influences your decision to attend a convention?

Three main themes were revealed in the responses which included: educational content, networking opportunities, and the overall value the convention offered. Quality of the educational materials presented appears to play a key role in the decision process because attendees do not want to invest in attending a convention if the materials are poorly presented, outdated or redundant. The second leading response was networking opportunities which appeared critical in the decision making process. Networking provides attendees an opportunity to meet people they otherwise would not get a chance to meet and also allows attendees to reconnect with current or old contacts. Several respondents noted that meeting one new contact or connecting with one or two primary vendors or suppliers could more than pay for the cost of the convention.

Attendees are willing to invest in the cost of attending a convention but only when they recognize the perceived value the convention offers. Value is perceived by attendees as having both tangible and intangible qualities. Tangible is having something attendees can take back to implement right away, and the intangible is the knowledge or leads that can provide an advantage in the professional workplace.

Key Interview Statements:

- "One of the main things I consider is the quality of the materials**.** Is it new or redundant? **"**
- "Well, there's two things that help determine my decision to go to a convention. One is the CPE value the continuing education value of it because with my certifications I need to do like 60 CEV's a year and 60 CPE hours a year and the other is the importance of the job."
- "Will it help me in my career?"
- "If it's really something that I want to go to because of either the trade aspects of it or the network aspects of it, then I usually make it top priority, especially when it comes to dealing with the network and those kind of things."

Question 2: Explain what decisions you make before attending a conference?

The main theme derived from the responses to this question pertained to logistical issues which play an important role in decisions made before a convention. Attendees want to know in advance their hotel accommodations, rental car needs, hotel accommodations, and transportation requirements. Logistical issues are critical in the attendees' comfort in attending a convention.

Other primary decisions an attendee makes before attending a convention involve such key issues as location of the convention, out of pocket cost, timing of the convention, convenience with other scheduling responsibilities, and quality of the event.

The results revealed several differences in responses based on gender. These were not anticipated. Twenty five percent of the women surveyed said that one of their primary decisions before going to a convention was deciding what to wear and what to take. None of the males interviewed mentioned clothing as a pre-convention decision consideration.

On the other hand, 28% the male respondents, but no females, made reference to the financial responsibility of attending the convention, such as, “Who is going to pay for it?”

Key Interview Statements:

- “Can I afford to take that time away? I have to take into consideration not just the amount of money I'm spending, but how much money am I going to be losing by being gone at that time period and having to give up work.”
- “What am I going to wear, what is the image and what's the proper attire?”
- “What I'm doing in my down time?”
- “How am I going to get from the airport to the hotel?”
- “I book my travel as far out as possible to get the best possible rate. And I also book the hotel generally, one of the host hotels of the conference.”
- “What airline can I get in there that’s closest?”
- “Do I need to get a rental car?”
- “Location is of prime importance.”
- “I look at the date and the location to see if it’s feasible”
- “When do I go, flights and such and accommodations.”

Question 3: What are some of the decisions you are faced with once you are at the convention?

The results revealed several types of decisions that arise during the convention experience. First there are scheduling and content issues. For instance, attendees are sometimes faced with the decision on whether to stay in a particular educational session or leave to find another one to attend. Attendees do not want to waste their time. They feel they have made the investment and should get the most out of their experience. From the show manager’s perspective, this is a key indicator of the importance of communication and content design for the educational sessions.

Networking decisions are another decision theme attendees are faced with during their convention experience. Knowing in advance who will be attending allows attendees a chance to maximize their networking opportunities by choice rather than relying on chance to meet with certain key individuals.

Another important decision attendees make during their convention experience is related to what they will do on their down time. Questions posed are: Where will I have dinner and who will I have dinner with? What does the city offer that I should take advantage of while I'm here?

Key Interview Statements:

- "Do I continue to waste my time in that particular session, do I get up and leave and go find something else that would be worth the time I've invested?"
- "Do I hang out with my chapter, because it's also a bonding experience and you want to know the people on your board better, or – and in some cases it was a company – are you there to be a part of that group, or do you venture off and go mix and mingle with other people?"
- "Who I'm going to network with? Who I'm I going to a drink with? Who I'm going to have dinner with?"
- "How can I get my institution to pay as much as possible in that situation? I want to stay within budget."
- "What sessions you want to attend, if any. Some conferences you go to attend sessions, some conferences you go to network. And you have to decide why you are there and what the real reason is and then you implement the strategy or the tactics to gain what you want."

Question 4: What types of decisions do you make after the convention?

The decisions attendees face after the convention are tied back to the decisions they were faced with before they attended the convention. For example, before they attend, attendees decide if the convention will be worth the cost and time. Once the event takes place, they evaluate their decision and make a decision whether to return or not return based on their overall experience. Evaluating the value they received from the convention experience was the primary consideration. Other post convention decisions deal with follow-up needed with contacts made during the convention and how to implement the information obtained in the educational sessions.

Key Interview Statements:

- “Follow through on networking opportunities, you know.”
- “How to take the information you got out of it, and apply it to your everyday life.”
- “I would reflect on was it worth it number one as far as what was offered. Did I get a good value for whatever the registration was that was charged?”
- “I do, you know, a total follow-up and I ask my people to do the same thing to determine if its a show that we would attend again next year based on, you know, did you feel that it was good for business? Did you feel you got good educational value? Did you get good value in general, you know, from the conference?”
- “Follow-up is contacting the people that I spoke with, particularly those that are hot prospects.”
- “Do I want to go again?”
- “Was it worth my time?”
- “Did I get the educational value?”
- “Did I meet new people, because to me that’s important, making new contacts?”
- “Immediate follow up, do a recap of the conference to determine if it’s valuable for next year or not, um, you know, estimate the cost involved, and possibly even go as far as reserving my space for the following year.”
- “I had to report back to my boss… about the conference and what I got out of it and what tools I learned or picked up from it, so those are typically report-backs and you, know, whether the conference was worth it or not is typically the big question.”

Decision Making Criteria for Show Managers

Question 1: Explain primary decisions you make before a show?

All of the show managers interviewed agreed there are literally thousands of decisions that are made during the planning process of an event. The key decisions are location, availability of dates, and availability of space. The decision on location is largely market driven. Show managers book in locations where the exhibitors will draw strong attendance to reach the potential clients they need to reach. Other types of events, such as association conferences, select a different location each year to entice attendance and provide members with a different experience each year in a different location.

Availability of dates is another key decision made prior to a show. For larger shows with limited facilities options, obtaining adequate space during specific time periods is critical. Matching physical space requirements, such as exhibit square footage and meeting room options, is important in the planning process.

Other important decisions made from the onset of the planning process are setting operational and financial resource parameters for the event. All of the decisions made before an event ultimately affect the overall perception of the show's success. It was evident during the interview processes that show managers strategically make decisions taking into consideration their stakeholder's best interest.

Key Interview Statements:

- "The location is one of the first decisions followed by availability of dates and space."
- "So instead of planting our show in one particular location, we look to move our show every year so our exhibitors aren't seeing the same people every year."

- "Pre-show decisions that I would make based on the facility and what's going on where within the facility, not just on the show floor but meeting room usage."

- "Well the first think that we do is most of our shows are market driven."

- "Focusing on finding a facility that will meet our needs."

- "Obviously we financially are planning the event."

- "How the people are going to flow is important especially when you have a large show like we do."

- "Our number one consideration is the facility of adequate size and the scope to meet our physical needs. That's probably our number one thing in our decision-making."

Question 2: Explain decisions you are faced with during the show?

All of the show managers interviewed agreed that during the show, there are limited decisions because most decisions are made prior to the event. Decisions made during the show are ones that deal with crisis management, such as personal and medical issue that may arise, or natural disasters or security issues. Show managers interviewed have contingency plans, and they go into a show knowing how to handle certain situations if they arise. Recent natural disasters such as hurricanes and security issues surrounding 9/11, have really helped show managers in their preparation for these issues that may arise during a show.

Other decisions during a show are primarily logistical (microphones not working properly, food and beverage modifications, exhibitor violations, and transportation changes). The overall theme that emerged from this question is that show managers must plan well prior to the show to eliminate or limit on-site decisions.

Key Interview Statements:

- "We go to the show to take care of the things we never thought could happen, the things we couldn't plan for, and so that's different every year."

- “Responding to critical situations such as natural disasters or security things, things that we don’t really have control over, such as weather or national security but we have to respond to it on site, as it all of the sudden rears its head.”

- “Anything from medical emergency to personal issues”

- “Certainly service issues come into play. You have services provided by the convention center itself, services provided by the general service contractor, and services provided by the transportation company, and so forth. Theses are all evaluated as the show goes along.”

- “During the event we are in crisis management mode.”

- “We don’t have control over missed flights or canceled flights, that kind of thing. So to a certain extent, we can try to help people overcome whatever issues they’ve had even if it’s beyond our control.”

- “I always say onsite is crisis management. But we never show that stress, of course. It just taking care of what comes up.”

- “I think that onsite determines how well you’ve planned. I think we have a pretty good reputation with that because we have a well planned show.”

Question 3: Explain decisions you make after the show?

All show managers conducted formal evaluations of the show by surveying attendees and exhibitors. Evaluations are also conducted throughout the show. As an example, initial perceptions are captured at the end of educational sessions. One show manager described this process of show evaluation as: “a kind of autopsy of the event.” Conducting post event evaluations is a tool used by show managers to help them make the best possible decisions for future shows. Other important post-event decisions include closing show financials and finalizing attendance and demographic figures.

Key Interview Statements:

- “We always undertake a post-show survey of those who attend and those who participated in the conference as exhibitors.”

- “The financial part you are looking at the real numbers from this year and then planning the budget for the next based on that experience.”

- “Following up with exhibitors letting them know you are very appreciative of them and following up with the people who attended letting them know that you are appreciative of their attendance.”

- “We are determining the reactions of the attendees and exhibitors.”

- “We also make decisions about vendors that did not perform for our exhibitors, did not perform for show management; then we don’t want them back next year.”

- “As far as the decisions you make after the event, those are simply what we would do to improve next time we come to the city.”

To summarize the finding, key decisions made by convention center management, show managers, and attendees before, during, and after a convention are presented in Figure 4 the Convention Decision-Making Criteria Model. Although these are condensed into primary decisions, it provides management of convention centers and show management with critical areas that may be used to increase the perception of value, brand, or relationship equity to increase customer equity for the center or the show. If through the evaluation process of a show the convention center realizes that communication between the center and show management is highly important, the convention center may implement areas to market communication enhancement to that particular show. Providing show management and attendees with tangible signs of communication enhancement, e. g., improvement in directional signage in the convention center, may increase the positive perception of the overall relationship between the two parties. This is instrumental in rebooking an event.

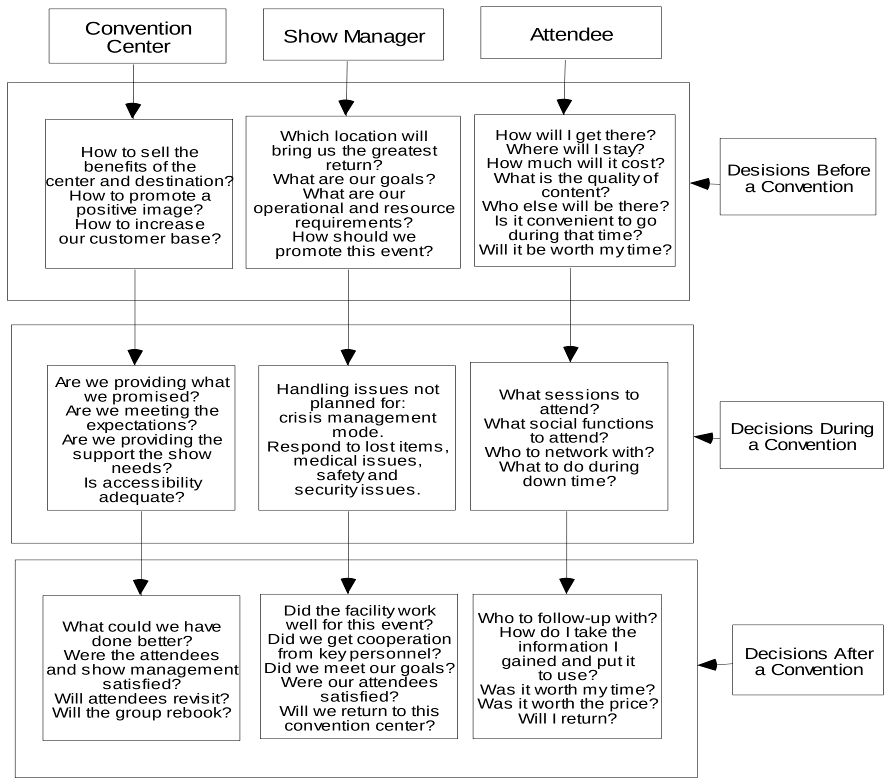

Figure 5. Convention Decision-Making Criteria Model

Validation of Customer Equity Drivers and Sub-Drivers: Qualitative Interviews with Show Managers

Show managers are responsible for all aspects of planning, promoting, and producing an exhibition (APEX, 2006). In the convention industry, shows managers may produce any type of an event held in the convention center. Shows are generally categorized as: Convention with exhibitions, Convention without exhibitions, Public Shows, Special Events, and Meetings. The show managers interviewed were representative of the wide variety of shows from association annual conventions to corporate events.

Eleven participants were male and 9 were female. All of the interview participants had more than 10 years industry experience and produce some of the leading shows in the United States. Interviews were conducted between July and September of 2006. The interviews used a semi-structured format containing seven questions. The first three questions pertained to the decision making criteria used by show managers before, during, and after a show. This will be addressed in future research. The remaining questions were aimed at clarifying drivers and sub-drivers of value, brand, and relationship equity specific to the convention industry.

To better identify key words and phrases, the researcher grouped responses for each question and then analyzed the data for each individual question. To validate coding and categorization, five upper level university students read the interview responses which were grouped for each particular question and identified key words and phrases used by each respondent in answering the specific question. The researcher went through the same process and then grouped the analyses of seven people to determine the repetitiveness of key words and phrases. This process was validated using NVivo7 software. The following section includes each interview question, concept summaries obtained in the data, and key statements from the interviewee to support sub-driver clarifications.

Question 1: When you think of the value a convention center provides, what do you think is most important about value?

The two most reported concepts of value were quality, price, and location. Quality and price are further discussed in subsequent interview questions. The prominent theme of value was the overall package of the show based on what was paid. Price is extremely important but it is not everything to consider. What the destination has to offer plays a vital role in the perception of show value for all shows discussed in the 21 interviews. It was evident that show managers are highly sensitive to the value perceived by their customers, exhibitors and attendees. Many of their decisions are based on feedback provided by their customers. Convenience, such as ease of move-in and move-out, did not appear to be as important as quality and price but location appears to be the most important factor of the three themes. Since many shows are market driven, location for some types of shows are critical to their success. An example is consumer shows which rely on attendees in the surrounding area. The appeal of the destination also plays a key part in attracting attendees to a convention.

Key Interview Statements:

- “The whole package is what is important. Like you have a great center but if you don’t have the hotels nearby, and the restaurants nearby, it doesn’t matter. You have to consider everything. It’s not about the price you pay but what you get”

- “Well, value comes in a number of different ways. I think the value to a show manager is one thing but the show manager is more interested in what’s the value to the show manager’s customer, the attendee and the exhibitor.”

- “Value is perceived in a bunch of different ways, like are you getting what you paid for and if the center provides the quality you are expecting for the attendees and exhibitors of the show.”

- “I think value has to do with the fact that we had a positive experience. We can’t necessarily negotiate our building cost that much so I think the value is that we’ve had a positive experience.”

Question 2: When you think about quality of the product and services that the convention center provides, what influences your perception of quality at a convention center?

Two concepts that were revealed in the data pertaining to quality were: the importance of building aesthetics and services provided by the convention center. The quality of the building is important to show managers for several reasons: (a) The appearance of the building must be appealing to the attendees, (b) safety issues and flow of traffic is important when moving thousands of people from one location to another, and (c) maintenance of the building influences the perception of the show not just the convention center.

Services the convention center provides also influence the perception of quality. Many shows take months to plan and only a couple of days to execute. Show managers, the convention center staff, and convention service contractors are all operating in a compressed time frame when producing a show. It is important to show managers that they receive the answers they need from the convention center staff in a timely manner. Additionally, it is important that what was planned will be executed at the time of the show. Services provided seem to be most important to the respondents who have recently experienced poor service quality from convention center staff.

Key Interview Statements

- “I think honestly when you bring thousands of people to a place; the place needs to be in excellent condition.”

- “It could be physical, the physical product like the building and what you see, or the services.”

- “Actually for us, I think quality is more a matter of customer service”

- “When I think of quality, I think of service and friendliness.”

- “If the service is there, everything else falls into place. That’s quality.”

Question 3: What is your perception of price? What is the most important about price when you are considering booking a show in a particular convention center?

“Convention centers are not cheap,” said one respondent. However, price is not everything either. The overall theme in the responses was that prices need to be competitive and fair across the board. Another respondent said, “It doesn’t serve us all that well if the trade show company or association is given a really low price, but then the convention center makes up for it by really socking it to the exhibitors, such as exorbitant internet connections fees and to the attendees by charging exorbitant parking fees.”

Of the 21 interviewees, 16 made a comment that though price is important, it must be competitive with similar convention centers. Other important issues of price are flexibility in contract terms and discounting.

Key Interview Statements

- “Convention centers need to be competitive and they need to be compatible with the prices that I can charge my customers.”

- “If you’re looking to book a facility for multiple years for the same event, are they willing to discount the rental for the space or give you other incentives to sign a long term contract?”

- “Facility pricing varies from facility to facility, so you look at the overall value that you’re getting for your dollar.”

- You know there are reasonable variations, but convention centers need to be competitive because labor is such a big part of putting on a show.”

Question 4: Do you think convention centers are branded? If so, what do you think of when you think of branding in relationship to your convention center experience?

This question was not only thought provoking for the respondents, but their answers proved to be quite varied. The major concern about branding of a convention center is that it is difficult for show managers and attendees and exhibitors as well to differentiate the brand of a destination with the brand of a convention center. While the majority of the respondents (12 of 21) said convention centers are branded within the convention industry professional network, by reputation, image, awareness, and attitude, they did not feel convention centers are branded in a way that products are branded. In fact, one respondent commented that he did not want the convention center to have a brand because it was his responsibility to put the brand of the show on the convention center. He viewed it as owning the space and putting the brand on the convention center to meet the objectives of the show without competing with the brand of the convention center. The two prominent themes of convention center branding were reputation and awareness.

Key Interview Statements

- “It’s the overall view of the destination; the city, it’s everything encompassing. I normally don’t think of the convention center as being a brand.”

- “From an industry standpoint, I think they do have a brand. I mean, being an operations director I know Orange County Convention Center versus Georgia World Congress Center versus Las Vegas Convention Center but I don’t know necessarily that folks that are coming to a trade show…I mean, they are coming to Orlando.”

- “Convention centers definitely have an image.”

- “I mean what popped into my mind when you asked that question was that the meeting planning world is not that big of a world, even though there’s all these trade shows. If a center has a few bad shows that don’t go well, that word gets out pretty quick. So, there is an image if they want it or not.”

- “I think part of the branding comes from the destination and the city itself and the perception of the city such as climate, safe, family oriented, and clean.”

Question 5: What is the most important thing about your relationship with the convention center?

Show managers indicated that the people they work with at the convention centers play a critical role in the success of their shows. The most important themes were responsiveness, personal connection and trust, and special treatment.

Key Interview Statements

- “I mean for us, being limited on where we’re going, you know, price becomes a little bit less of a negotiating point. It is some of the perks that we get along the way that makes a big difference.”

- “Being responsive is critical, you know are they easy to get a hold of, do they respond back to you timely, can they answer your questions, and how many different people do you have to go to get the answer you need?”

- “I think I’m particularly influenced by the willingness of the convention center staff to listen to and try to solve my needs.”

- “I think the convention centers staff’s attitude and it’s not just the management but the little people too. If it’s a good atmosphere, everybody’s going to have a good attitude and that reflects to the exhibitors and the attendees.”

- “Trust, experience, continuity and knowledge of our needs.”

Based on the qualitative analysis, The Customer Equity Model for the Convention Industry is presented in Figure 6. The drivers of customer equity are value equity, brand equity, and relationship equity and are represented in blue while the sub-drivers identified from the qualitative interviews are represented in yellow. The organizational model presents the sub-drivers of the identified drivers of customer equity that are specific to the convention industry and represent the addition to the convention research literature. These sub-drivers are actionable drivers that convention centers can focus their marketing strategies on to increase customer equity.

The sub-drivers for value equity were quality and price. The sub-drivers for brand equity were reputation, attitude, and awareness. Finally, the sub-drivers for relationship equity were personal interaction, responsiveness and special treatment. Using the previous framework for customer equity along with the specific information on the sub-drivers from the convention industry, value equity was confirmed and similar. As far as brand equity is concerned, it was the least important to show managers; therefore, branding is blurred because the show managers want to place their brand on their convention rather than a convention center's brand. It is also blurred due to the destination branding which is of stronger consideration to the planner. Finally, relationship equity was confirmed as similar to previous research (Rust et al., 2004).

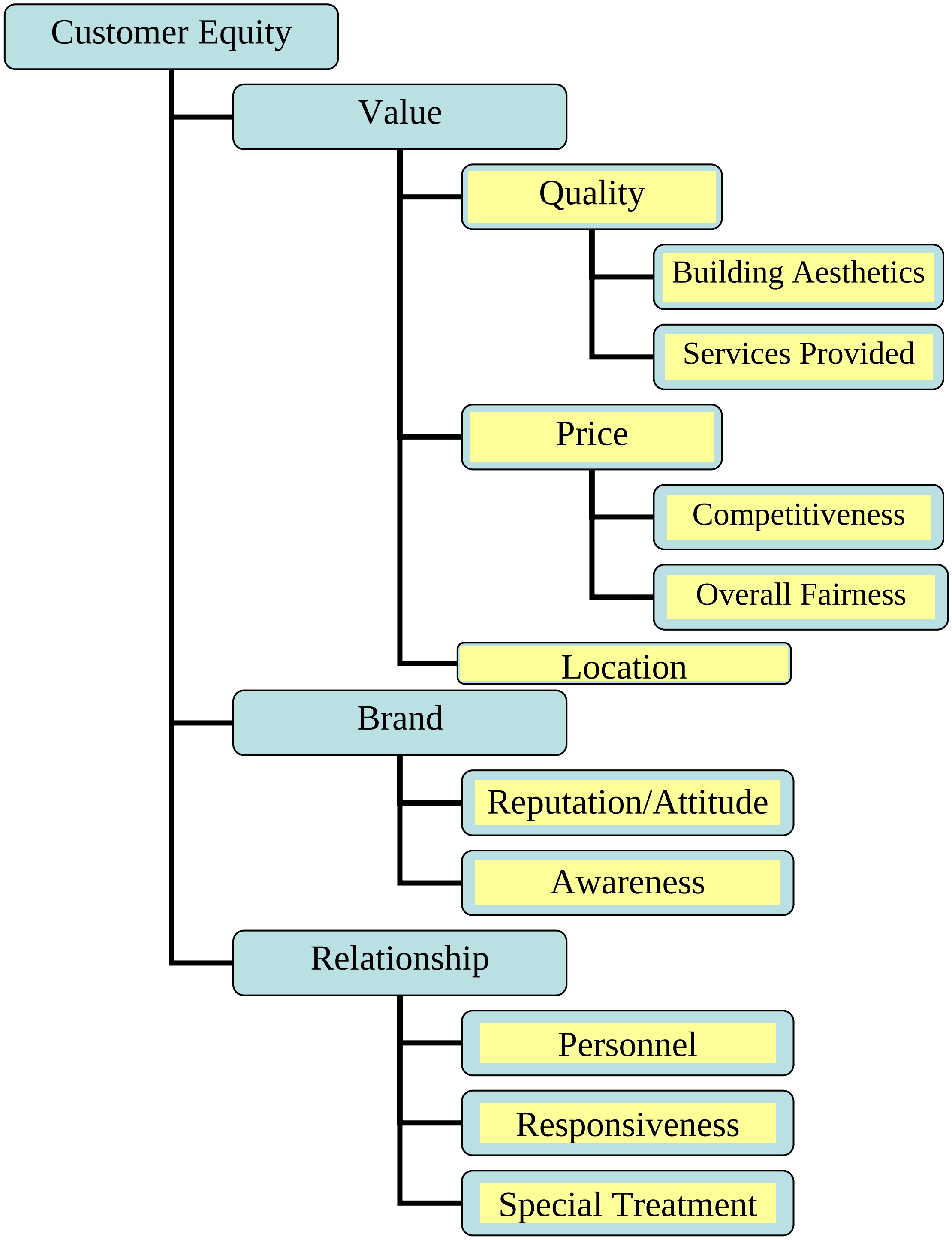

Figure 6. Customer Equity Model for the Convention Industry

Quantitative Results

Demographics of Survey Participants

Survey participants were representative of the meeting planning industry in several ways. First, the industry is comprised predominantly of women; and second, the majority of participants had over six years experience. A total of 489 surveys were emailed and 29 of the emails were undeliverable resulting in a total sampling frame of 460. Of the 94 surveys were returned, 5 were deleted due to insufficient data entry. This resulted in 89 useable surveys. The survey respondents comprised 29 males (33%) and 60 females (67%). The gender proportion is representative of the industry averages which shows a majority of females in this professional capacity. The ages of the respondents were as follows: 4 respondents were between the ages of 20 to 29, 19 were between the ages of 30 and 39, 30 were between the ages of 40-49, 24 were between the ages of 50-59 and 12 were 60 years of age or older. Table 5 provides a summary of the demographic data for the quantitative portion of this study.

The majority of the respondents (66 of the 89, or 74%) reported having a four year college degree or advanced college degree. Forty one respondents (46.1%) reported having a college degree and 25 (28.1%) reported having an advanced degree. Two of the respondents had a high school diploma, 17 of the respondents had some college, and 3 respondents had a community college degree.

The next question was: What was the number of shows you produce each year? Thirty six (40.4%) of the respondents reported producing 2 to 5 shows per year, followed by 28 (31.5%) reporting they produced one show per year. Twelve (13.5%) reported producing 10 or more shows per year followed by 9 (10.1 %) producing 6-9 shows per year. One person did not answer this question.

The next question in this section was: How long have you been in your current position? Thirty two (36%) of the respondents had been in their position for 6 to 10 years. Eighteen (20.2%) reported being in their current position 0-5 years, tied with 18 (20.2%) being in their current positions 16-20 years. Thirteen (14.6%) have been in their current positions 11-15 years, 5 reported being in their position 21-25 years, and 3 reported being in their current position for more than 26 years.

The last section contained three questions pertaining to membership in industry professional associations. The first of these questions was: Are you a member of Meeting Professionals International (MPI)? Fourteen (15.7%) respondents reported being a member of MPI, while 75 (84.3%) were not a member. The next question was: Are you a member of PCMA? Twenty six (29.2%) reported being a member of PCMA while 63 (70.8%) were not a member. The last question was: Are you a member of International Association of Exhibition Management (IAEM). A total of 29 (32.6%) reported having IAEM membership, while 59 (66.3%) reported not having a membership. One respondent did not answer.

Table 5. Demographic Statistics

Demographic Statistics (n= 89)

Characteristic	Frequency	Percent	Total
Gender			
Male	29	33.0%	
Female	60	67.0%	100%
Age			
Under 20 years of age	0	0	
20-29	4	4.5%	
30-39	19	21.3%	
40-49	30	33.7%	
50-59	24	27.0%	
60 and over	12	13.5%	100%
Education			
High School Diploma	2	2.2%	
Some college	17	19.1%	
Community college degree	3	3.4%	
College degree	41	46.1%	
Advanced degree	25	28.1%	
Missing data	1	1.1%	100%
Number of shows produced each year			
0-1	28	31.5%	
2-5	36	40.4%	
6-9	9	10.1%	
10 or more	12	13.5%	
Missing data	1	1.1%	100%
How long in current position?			
0-5 years	18	20.2%	
6-10 years	32	36.0%	
11-15 years	13	14.6%	
16-20 years	18	20.2%	
21-25 years	5	5.6%	
26 years or more	3	3.4%	100%
Are you a member of MPI?			
Yes	14	15.7%	
No	75	84.3%	100%
Are you a member of PCMA?			
Yes	26	29.2%	
No	63	70.8%	100%
Are you a member of IAEM?			
Yes	29	32.6%	
No	59	66.3%	
Missing data	1	1.1%	100%

Reliabilities of Scales

All indices used in this study were previously used in other studies (Rust et al., 2002). Although Cronbach alphas were not reported, the researchers indicated as acceptable the measures of scales. Cronbach alphas range from 0 to 1.0 and indicate the extent to which the items in an index are measuring the same thing (Vogt, 1993). The threshold for an acceptable Cronbach alpha is >.70. For this study, value equity resulted in a Cronbach alpha of .85, brand equity of .83, and relationship equity of .94. All of these Cronbach alphas are within the acceptable range and are summarized in Table 6.

Table 6. Statistics and Reliability Estimates

Scale Items	N=89	Mean	Standard Deviation	Cronbach Alpha
Value Equity				.85
The overall quality of the convention center.	87	4.51	.680	
The quality of the following convention center is well worth the price paid.	84	3.92	.895	
The convention center provides a very competitive pricing structure.	78	3.65	.880	
The convention center's locations are extremely convenient.	86	4.31	.898	
Move-in and move out logistics for the convention center is excellent.	84	4.18	1.05	
The convention center makes the booking process easy and seamless.	84	3.93	.902	
The convention center's prices are extremely fair compared to other convention centers.	74	3.68	.952	
The convention center provides extremely competitive discounts.	77	2.92	1.07	
Brand Equity				.83
I have an extremely favorable attitude toward the convention center.	82	4.15	.877	
I often notice and pay attention to the media advertising for this convention center.	77	3.05	1.31	
I often notice and pay attention to the information the convention center sends out.	78	3.49	1.25	
The convention center has a good reputation in this industry.	76	4.37	.69	
The convention center has high ethical standards with respect to its customers and employees.	73	4.04	.889	
The image of the convention center fits my event's purpose well.	84	4.43	.749	
I have positive feelings toward the convention center	84	4.30	.875	
Relationship Equity				.94
I have invested a great deal of time developing a relationship with the staff of the convention center.	82	3.98	1.17	
The preferential treatment I get from these convention centers is important to me.	75	4.12	1.15	
I know the convention center sales and booking procedures well.	80	3.96	1.10	
The convention center knows a lot about the type of shows I book.	84	3.99	1.20	
The convention center recognizes me as being special.	84	3.60	1.31	
I feel a sense of community working with the staff of the convention center.	81	3.93	1.01	

Principal component analysis (PCA)

According to Vogt (1993) multicollinearity exists when two or more independent variables are highly correlated. In the customer equity measures in this study, multicollinearity is a problem that needs to be addressed; because if multicollinearity exists, it is difficult to determine the effects that each independent variable has on the dependent variable. Principal component analysis was used to help combat multicollinearity (Massey, 1965).

In principal component analysis, "components" reflect the common and unique variance of the variables, while in principle factor analysis the "factors" reflect only the common variance of a set of measured variables. These terms, however, may be used interchangeably. Two statistical measures were used to determine whether the data was suitable for this analysis: Kaiser-Meyer-Olkn (KMO) determines if the sample was adequate and Bartlett's test of sphericity tests for correlations among variables.

According to Tabachnick & Fidell (2006), .6 is suggested as a minimum value for a good factor analysis; the KMO was .778 for this study. The results of the Bartlett's test was significant at $p<.000$.

The principal components are then used as the independent variables in the regression model. Since the principal components are orthogonal, there is no multicollinearity issue with the effects of these independent variables on the dependent variable (Rust et al., 2004).

A factor with an eigenvalues greater than .5 was the basis for determining which factors were retained. Even though the eigenvalue cutoff of 1.0 is typically used, there are other criteria which can be used. According to Kaiser (1960), the cutoff should be chosen in such a way that the results are meaningful, thus that is the justification for using .5 as the eigenvalue cutoff. Other customer equity researchers, such as Rust, Zeithaml and Lemon (2004) have also used the cutoff of .50. Concurrently, a variable was determined to sufficiently load on a factor if it had a factor loading of 0.50 and above (Hair et al., 1987, Rust et al. 2004). Communalities were also checked. Nine factors were retained accounting for 86.8% of the variance explained from factor analysis.

The first factor extracted, 'personal connection,' included five core customer equity attributes and accounted for 41.9% of the 86.8% variance explained. 'Value/price' was the second factor extracted, which included 4 core attributes accounting for 10.4% of the variance followed by 'brand related,' which comprised four attributes and accounted for 8.3% of the variance. The fourth factor was identified as 'information,' and included two attributes accounted for 6.7% of the variance. The fifth factor labeled 'quality issues' had two items loading and accounted for 5.0% of the variance. The sixth factor, 'ethical' accounted for 4.9%, followed by 'location' accounting for 3.5%, 'logistics' accounting for 3.4% and 'easy of booking' accounted for 2.9%. The last 4 factors loaded independently on their factors. Table 7 presents the factor analysis results.

Table 7. Factor Analysis Results

Customer Equity Attributes	*F1*	*F2*	*F3*	*F4*	*F5*	*F6*	*F7*	*F8*	*F9*	*E*
19. I have invested a great deal of time developing a relationship with the staff of the following convention centers.	**.831**	.160	.200	.126	.071	.132	.062	.293	.027	
20. The preferential treatment I get from the convention center is important.	**.908**	.110	.055	.010	.064	.070	.120	.005	.010	
21. I know the convention centers' sales and booking procedures well.	**.874**	.045	.217	.043	.142	.068	.135	.033	.015	*8.78*
22. The convention centers know a lot about the type of shows I book.	**.703**	.144	.235	.162	.093	.007	.021	.236	.355	
23. The following convention centers recognize me as being special.	**.751**	.262	.216	.108	.176	.132	.049	.052	.280	
5. The quality of the convention centers is well worth the price.	.172	**.596**	.171	.012	.198	.588	.205	.004	.054	
6. The convention centers provide a very competitive pricing structure.	.256	**.809**	.161	.037	.111	.091	.172	.153	.046	*2.17*
10. The convention center's prices are extremely fair compared to other centers.	.141	**.812**	.267	.030	.154	.025	.158	.131	.047	
11.The convention centers provide extremely competitive discounts.	.081	**.785**	.003	.136	.005	.111	.073	.133	.378	
12. I have an extremely favorable attitude toward the following convention centers.	.318	.278	**.652**	.042	.159	.261	.340	.175	.161	
15. The following convention centers have a good reputation in this industry.	.222	.264	**.778**	.148	.134	.129	.088	.296	.081	*1.74*
18. I have positive feelings toward the following convention centers.	.135	.124	**.697**	.045	.489	.287	.047	.003	.238	
24. I feel a sense of community working with the staff of the convention centers.	.492	.179	**.533**	.295	.057	.198	.231	.096	.315	
13. I often notice and pay attention to the following convention centers' media advertising in trade journals.	.018	.059	.012	**.915**	.101	.062	.048	.018	.106	*1.41*
14. I often notice and pay close attention to what the conv. centers send.	.236	.162	.177	**.860**	.013	.014	.067	.140	.057	
4. The overall quality of the following convention centers is excellent.	.409	.227	.024	.051	**.609**	.418	.244	.180	.098	*1.06*
17. The image of the convention centers fit my event's purpose well.	.047	.149	.315	.114	**.870**	.065	-.072	.056	.130	
16. The following convention centers have high ethical standards with respect to its customers and employees.	.154	.103	.356	.103	.134	**.822**	.030	.080	.212	*.983*
7. The following convention center's locations are extremely convenient.	.060	.195	.097	.100	.003	.038	**.931**	.045	.097	*.745*
8. Move-in and move out logistics for the following conv. centers is excellent.	.525	.031	.283	.154	.107	.078	.068	**.854**	.174	*.712*
9. The convention centers make the booking process easy and seamless	.289	.266	.190	.044	.180	.219	.287	.234	**.694**	*.607*
Total Variance Explained = 86.8%	41.9	10.4	8.3	6.7	5.0	4.9	3.5	3.4	2.90	

Loading greater than.5 are shown in bold
E= eigenvalues

Logit Regression Results

The logit model calibrated purchase intentions by using purchase intentions as a proxy for the probability of choosing OCCC as their next purchase. Question 2 in the survey instrument (see Appendix B) requested the probability of booking at OCCC for their next booking. This was used as a proxy. Although the respondents could enter any percentage between 0 and 100 in their responses, the research collapsed the intentions for purposes of using logit regression and coded the responses as follows: '0' of percentage 0-20% (intentions to rebook) and '1' for 21-100%. Table 8 presents the Logit regression results.

Table 8. Logit Regression Results

Independent Variable	Coefficient	Standard Error	b/s.e.	p
F1 Personal Connections	.529.	.381	1.38	.165
F2 Value/Price	.203	.315	.644	.521
F3 Brand Related	-.385	.435	.885	.376
F4 Information	.110	.372	.295	.767
F5 Quality Issues	.154	.373	.412	.679
F6 Ethics	-.029	.444	.065	.949
F7 Location	.768	.338	2.27	.023*
F8 Logistics	.470	.352	1.33	.181
F9 Ease of Booking	-.901	.503	1.79	.073*
Log-likelihood	= 73.93			
Chi-square (9 degrees of freedom)	=19.943			

**p<.05*

Table 9. Driver Coefficients: Convention Industry

Driver	Coefficient	Factor Coefficient	Importance
Overall quality	.474	.154	.073
Worth the price paid	.185	.203	.038
Competitive pricing structure	.838	.203	.170
Locations are extremely convenient	.778	.768	.598
Move-in and move out logistics	.927	.470	.436
Booking process easy and seamless	.737	.901	.664
Prices are extremely fair compared to others	.399	.230	.081
Competitive discounts.	.414	.230	.084
Favorable attitude toward the convention center	.356	.385	.137
Media advertising for this convention center	.586	.110	.064
Information the convention center sends out	.518	.110	.057
Good reputation in this industry	.529	.385	.204
High ethical standards	.809	.444	.359
Image fits my event's purpose well	.764	.154	.118
Positive feelings toward the convention center	.366	.385	.141
Relationship development	.244	.129	.129
Preferential treatment	.324	.171	.171
Know sales and booking procedures well	.305	.161	.161
Knows a lot about the type of shows I book	.167	.088	.088
Recognizes me as being special	.200	.106	.106
Sense of community working with the staff	.271	.104	.104

Customer Lifetime Value

The survey instrument was designed to capture the necessary information to calculate the customer lifetime value for each of the respondents; but due to the amount of missing data in this section, the researcher estimated by using secondary data provided in the OCCC's annual reports. The researcher analyzed annual reports over the past three years. One of the first things to do in determining the contribution margin for the convention center is to calculate as follows: total operating revenues - labor expense - materials and supplies = the gross margin. Gross margin - operating cost = the net profit/loss. The convention center also has non-operating revenues such as interest of investments, room tax, surcharge from three surrounding hotels (Peabody Hotel, Rosen Plaza, and the Rosen Center), and revenue from bonds sold. For purposes of calculating CLV per respondent, the 'Reserve' was considered as retained earnings.

The 'Reserve' is all retained earnings set aside for: debt service, capital reserve for future building projects, and restricted reserves which can be no less than 25 million on Oct. 15 of each year. This is a requirement for bonds outstanding. The target for the 'Reserve' is 30% of total revenues. Another important issue is the tourist tax money which offsets losses up to $10 million each year. The convention center loses this amount if a loss is not represented. Therefore in actuality, the convention center used in this study, for example, had a loss of approximately $9 million in 2005, but received $10 million in tourist tax which offset the loss and $6 million in 2006 (Shoemaker, 2007). Using the equation as presented in Chapter 4, the researcher calculated CLV for each of the respondents. A time horizon of three years was used and a discounted rate of 5% and a contribution margin of 31%. The 31% was approximately equal to the 31% 'Reserve' or average operating margin for the convention center over the past 3 years.

Customer Equity Value

To obtain the total customer equity, the average CLV was multiplied by the average CLV across all respondents. Thus, CLV was calculated for each respondent in the sample as well as their projected customer equity. Some CLV models do not account for the switching and return behaviors in customers, thus under estimating the CLV and customer equity. In this study, rebooking probability was derived from one of the survey questions which ask the respondents to indicate how likely they were to book their next show at the following convention center (Orange County Convention Center in Orlando, Las Vegas Convention Center, McCormick Place in Chicago, and Georgia World Congress Center). Examples of calculated rebooking probabilities are provided in Table 10. All probability tables for aforementioned convention centers are in Appendix C.

Table 10. A Sample of the Booking Probabilities for OCCC

Respondent	P1_RO	P1_R1	P1_R2	P1_R3	P1_R4	P1_R5
1	1	1	1	1	1	1
2	1	1	1	1	1	1
3	1	1	1	1	1	1
4	1	1	1	1	1	1
5	0.5	0.66	0.75	0.75	0.78	0.81
6	1	1	1	1	1	1
7	0.5	0.66	0.74	0.74	0.78	0.81
8	1	1	1	1	1	1
9	1	1	1	1	1	1
10	0.5	0.5	0.5	0.5	0.5	0.5
11	1	1	1	1	1	1
12	0.4	0.02	0.59	0.59	0.65	0.70
13	1	1	1	1	1	1
14	1	1	1	1	1	1
15	0.5	0.5	0.5	0.5	0.5	0.5
16	1	1	1	1	1	1
17	0.25	0.62	0.66	0.66	0.70	0.74
18	0.4	0.69	0.71	0.71	0.74	0.77
19	1	1	1	1	1	1
20	1	1	1	1	1	1
21	1	1	1	1	1	1
22	1	1	1	1	1	1
23	0.7	0.7	0.66	0.66	0.66	0.66
24	0.5	0.75	0.84	0.84	0.87	0.88
25	1	1	1	1	1	1

Measuring Marketing Effect

Several steps were employed to measure the effect of marketing effort. First the lifetime value was calculated for each respondent in the sample over a five year period using the forecast method summed and then divided by the contribution margin (.31). Customer equity was then calculated assuming no marketing effort would take place. Each Lifetime Value (LV) indices in the LV Index was derived by dividing the average lifetime value for each of the indicated marketing efforts measured by the average lifetime value of no marketing effort and multiplying by 100. A lifetime index was then created as noted in Table 11.below.

Table 11. Lifetime Value Index

Marketing Effort	Average Lifetime Value	Lifetime Value (LV) Index
No Marketing Effort	$564,305.16	100
Overall Service Quality	$701,369.83	124
Perceived Value	$756,592.31	134
Convenience Offered	$600,836.81	106
Overall Image	$567,309.49	100
Overall Reputation	$708,831.06	126
Rewards Offered	$675,076.12	120
Special Recognition	$672,175.82	119
Build Relationship	$703,533.28	125
Enhance Communication	$765,555.69	136
Share Knowledge	$568,539.15	101

The Customer Equity Index is presented in Table 12 and shows the customer equity value for each of the marketing efforts. The customer equity value is the customer lifetime value estimated over the next six years divided by .31 The customer equity values for the marketing efforts that were associated with value equity were then averaged to get a total of $127,925,525 ($130,741,386 + $141,156,017+ $ 111,879,172/

3). Customer equity for the marketing efforts associated with brand equity was averaged to get a total of $118,996,155 ($ 105,736,881+ $ 132,255,428/ 2). The final step was to average the customer equity for the marketing efforts of relationship to get a total of $126,250,652 ($125,923,062 + $ 125,392,501 + $ 131,185,468 + 142,766,884+ $ 105,985,343/ 4). The largest customer equity driver in this example was value equity. Relationship equity was next followed by brand equity.

Table 12. Customer Equity Index

Marketing Effort	Customer Equity Value	Customer Equity Index	Overall Driver Effect
No Marketing Effort	$105,320,868	100	
Overall Service Quality (value equity driver)	$130,741,386	124	$127,925,525
Perceived Value (value equity driver)	$141,156,017	134	
Convenience Offered (value equity driver)	$ 111,879,172	106	
Overall Image (brand equity driver)	$ 105,736,881	100	$118,996,155
Overall Reputation (brand equity driver)	$ 132,255,428	126	
Rewards Offered (brand equity driver)	$ 125,923,062	120	$126,250,652
Special Recognition (relationship equity driver)	$ 125,392,501	119	
Build Relationship (relationship equity driver)	$ 131,185,468	125	
Enhance Communication (relationship equity driver)	$ 142,766,884	136	
Share Knowledge (relationship equity driver)	$ 105,985,343	101	

The final step in the analysis was to determine how a customer equity approach can be used to measure the effectiveness of marketing effort in the convention industry. This is the primary question addressed in this research project. Table 13 presents a comparison of different marketing efforts and the impact each has on customer equity.

For example, through an evaluation process of an association's meeting planner, the convention services manager at the convention center determines that for this particular association, improving and enhancing overall perceived value is most important. If this is an association which in the past has alternated locations between San Diego, Chicago, and Orlando and is currently looking at the possibility of only alternating every other year, the convention centers could specifically use marketing dollars to retain this association as a customer. To determine how to maximize the convention center's customer equity, while at the same time placing those marketing efforts where they will most influence the customer, the convention center could compare the effect of marketing efforts. In Table 13, the effect of marketing effort is illustrated by using an index score to calculate the change in customer equity for the convention center. Since perceived value is important to the association, the convention center may market the added value of coming to Orlando to add a couple days of vacation for the family. The convention center realizes that the possible return on investment is 162%. If the convention center also knew that reputation was important for this association, the convention center could compare the ROI for improving perceived value and improving overall reputation and allocate marketing dollars most appropriately to maximize customer equity. Using this approach provides practitioners with a way to compare and contrast marketing efforts using a measuring tool that is equal across all marketing efforts.

By using this method, it allows one to recognize the relative impact of marketing rather than a true indicator. This is illustrated as an example of how an organization must change their thinking if they truly want to apply a customer equity approach.

Table 13. Measuring Marketing Effort

Marketing Effort	CE		No Marketing Effort	CE Change	% of ROI
Overall SQ	$130,741,386	(-)	$105,320,868	$ 25,420,518	115.55%
Perceived Value	$141,156,017	(-)	$105,320,868	$ 35,835,150	162.89%
Convenience Offered	$ 111,879,172	(-)	$105,320,868	$ 6,558,305	29.81%
Overall Image	$ 105,736,881	(-)	$105,320,868	$ 416,014	1.89%
Overall Reputation	$ 132,255,428	(-)	$105,320,868	$ 26,934,560	122.43%
Rewards Offered	$ 125,923,062	(-)	$105,320,868	$ 20,602,195	93.65%
Special Recognition	$ 125,392,501	(-)	$105,320,868	$ 20,071,634	91.23%
Build Relationships	$ 131,185,468	(-)	$105,320,868	$ 25,864,600	117.57%
Enhance Communications	$ 142,766,884	(-)	$105,320,868	$ 37,446,016	170.21%
Share Knowledge	$ 105,985,343	(-)	$105,320,868	$ 664,475	3.02%

Summary

The results of data analyzed were presented in two sections. The first section included the results of the qualitative data derived from the interviews with attendees and show managers. The second section contained the quantitative results and presented the demographic results, reliabilities of scales, principal component analysis, logit regression, customer lifetime value and customer equity followed by an illustration on measuring marketing effort using the customer equity approach..

CHAPTER V

DISCUSSION AND IMPLICATIONS

Introduction

This chapter provides a discussion, cross-validations from previous research, and implications that could be employed for each of the research questions addressed in this study. Since several analyses were conducted to answer the research questions, limitations of the study and suggestions for future research are discussed for each research question.

Research Question One

The first research question investigated in this study was: What are the critical decision-making issues for attendees and show managers; before going to a convention, during the convention and after a convention?

Discussion and Implications

This question was important to this study because all marketing efforts are directly related to consumer's decisions. Without investigating what decisions are being made and when they are made, convention management would not be able to implement strategies to maximize customer equity. Through qualitative interviews, the first phase of this research aimed to provide more information on convention decision making to serve as an addition and comparison to the Oppermann and Chon (1997) decision making model by taking into consideration decision making in various stages. The output showed important decisions made by attendees before attending a convention, during the convention, and after their convention experience. Primary decisions before attending a convention are decisions pertaining to logistical issues such as travel plans, hotel accommodations, and transportation needs. Other important decisions include who will pay for the out-of-pocket expense and taking care of the responsibilities left in the attendee's home location. According to several show managers interviewed, travel is not perceived as being as glamorous as it once was; therefore, show managers and planners of all types of events should consider the attendees' decisions from the onset of the convention experience in order to maximize the satisfaction and increase their perceptions of value.

Primary decisions during the convention involve which sessions to attend, with whom to network and the timing of those two objectives. According to Fenich (2005), the primary reasons people attend a convention are to gain education and network with other industry professionals to establish relationships and/or meet business contacts that may result in increased business.

The primary decision attendees make after a convention are part of an overall evaluation and include determining if the convention was worth not only the price but also worth the time away from regular schedules and responsibilities. This point is critical for show managers because this evaluation process is important to the next event. According to Lee's 2006 study, association members' intentions to attend the meeting were positively associated with association members' evaluation of their participation during the event. This finding also supported past meeting participation as having a positive relationship with intentions to attend a meeting again. Building attendance starts at the current show not after the show ends. Marketing next year's show during the current year's convention is necessary to build excitement for the following year, give attendees plenty of time to plan to attend, and to provide opportunities for involvement.

This study also revealed several differences in decisions based on gender. Several of the women noted in their interview that they consider what to take and what to wear as an important decision prior to an event. If there is something to be purchased for the trip, they would need to make the time to take care of it before leaving. Women were also concerned with the image they would portray, and wearing the proper attire was important. None of the men interviewed mentioned this as a decision they are confronted with before attending a convention. Men, however, were concerned about who would be paying the expenses. The results indicate there may be a need for additional research into gender differences among attendees and if marketing to their specific needs would be beneficial in boosting attendance.

For show managers, many decisions are made during the planning stage of an event. These include thousands of decisions. The primary decisions are location, availability of dates, and availability of space. Other important decisions are centered on operational and financial parameters of the event while still keeping the stakeholders' (attendees and exhibitors) interests in mind.

This stage in the planning process for show managers provides opportunities to link attendees' decisions with marketing decisions for the organization having the event.

For example, if one of the marketing objectives is to increase membership and attendance at the annual convention, and show management understands the decision process of potential attendees, the show manager can implement marketing strategies which send the appropriate messages to the appropriate members, thus maximizing marketing dollars.

During the show, show managers are in a reaction mode. They are reacting to issues that were not planned for or anticipated such as an exhibitor's booth arriving damaged or medical and security issues that arise. Other decisions required during a show are related to logistical issues such as changes in food and beverage requirements, speaker needs, and changes in the program. Again, show managers are placed in a reaction mode.

Similar to the evaluation process of attendees, show managers at the end of a show and after a show evaluate each element of the event to determine changes to implement in the future or determine elements that should remain unchanged. This stage in the evaluation process also includes evaluating attendees' evaluations of the different programs in the overall event. For example, most educational sessions are evaluated the last few minutes of the sessions before attendees leave for their next session. This provides show managers with instant feedback. Decisions during this stage of the convention process also include closing show financials and following up with key VIP attendees, partners, and sponsorships for the event. Again, many of these decisions are important to marketing strategies for future events. Knowing follow-up should be implemented is one thing, but knowing with whom to follow up and how to follow-up are different and very real tasks.

The outcome from the in-depth interviews with attendees and show managers pertaining to decisions before, during and after a convention comprise the Convention Decision-Making Criteria Model and include three important stakeholders in the convention industry: the show manager who plans, organizes, and executes the event; the attendee who participates in the event; and convention center management which books the event and gains the economic rewards.

The Convention Decision-Making Criteria Model in Figure 7 indicates key decisions made by the stakeholders and provides insight into when marketing efforts should be implemented to influence decisions a convention customer makes. This model is an extension of Oppermann and Chon's Participation Model and includes additional key stakeholders, the show manager, and convention center management.

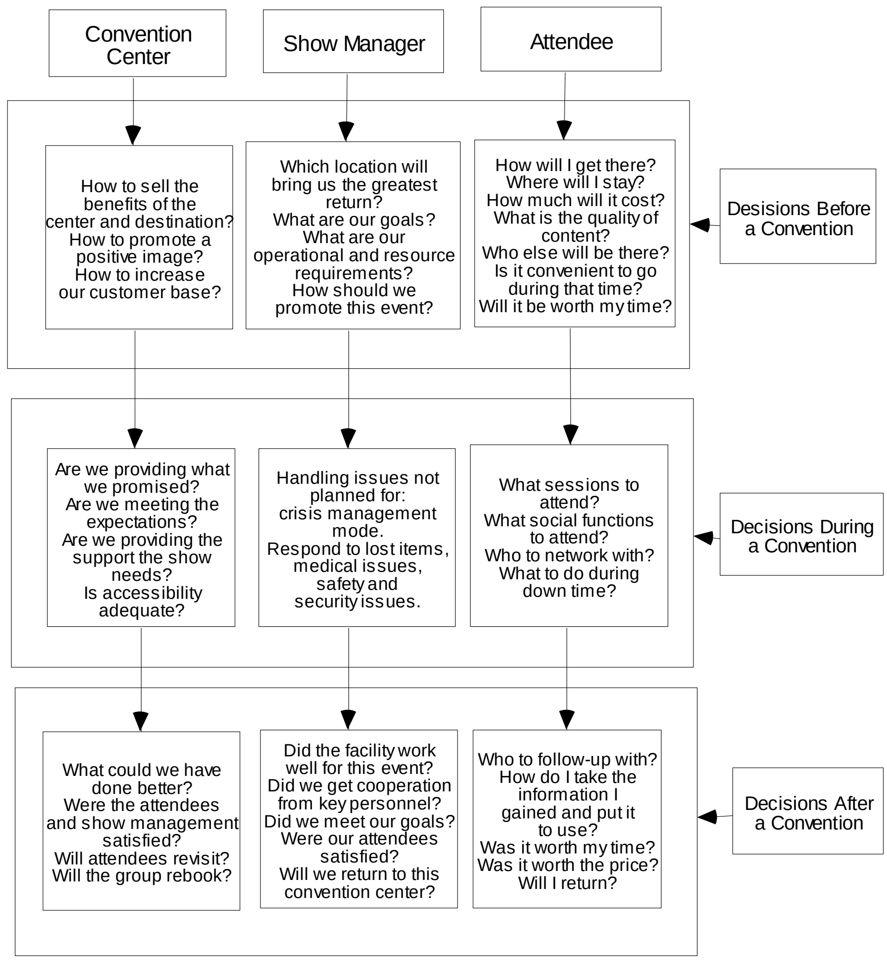

Figure 7. Convention Decision-Making Criteria Model (same as Figure 5)

In order for any marketing effort to be successful in the convention industry, convention centers and show managers need to understand their customers. Attendees and exhibitors are a show manager’s customers. Convention centers have multiple customers such as the show manager who works directly with the convention center’s staff in the planning and execution of the event and actually books the space for their events. The exhibitors and attendees are also the convention center’s customers because they occupy the local hotels and restaurants and put direct spending into the local economy. They play a vital role in the convention center’s meeting its goals and objectives and generating a positive economic impact for the community.

Limitations and Future Research in Decisions-Making

Although the decision-making criteria model presented in this study extends current research, the sample of attendees were limited to association members and did not include exhibitors or attendees for other types of events. Different attendees for different types of events may have different decision making issues. Based on the data obtained with attendees and show managers and taking Oppermann's (1996b) past decision making model into account, the convention decision-making model considers the framework of customer equity as a basis by providing key decisions of two key players in the convention industry.

Research Question Two

The next question addressed in this study was: What are the sub-drivers of the customer equity constructs value equity, brand equity, and relationship equity in the convention industry?

Discussion and Implications

The ability to increase customer equity depends greatly on: (a) how well a company understands their customers, (b) the competitiveness of the market, (c) how well a company targets its marketing investments, and (d) how mature the company may be (Blattberg and Deighton, 1996; Blattberg, Getz, and Thomas, 2002a; Rust, Lemon, and Zeithaml, 2004; Rust, Lemon, and Narayandas, 2004; Rust, Zeithaml and Lemon, 2002).

Qualitative analysis seeking additional information regarding customer equity confirmed the primary equity drivers as value, brand, and relationship which supported previous studies by multiple researchers including (Blattberg & Deighton, 1996; Hansotia, 2004; Rust et al. 2004). Additionally, specific information was presented regarding convention centers by showing the specific areas within value, brand, and relationship equity.

According to Rust, Zeithaml, & Lemon (2000), the first step in implementing customer equity is gaining information about customers. The outcome of the show manager interviews established the drivers and sub-drivers of customer equity in the convention industry. The drivers of customer equity were value equity, brand equity, and relationship equity. The sub-drivers revealed in the interviews were quality, price, location, reputation, awareness, personal connections, responsiveness, and special treatment. The results showed value equity as being the most important to show managers. This supported previous studies suggesting value equity would be more important in business to business settings (Rust, Zeithaml & Lemon, 2000, 2004), whereas relationship equity would be more important in a business that has the opportunity to sell multiple products to the same customer.

Implications of this part of the study not only set the framework for building the questionnaire to modify it for specific use in the convention industry but also provided the industry with areas on which to focus marketing efforts. For example, show managers were asked how they perceived quality in the convention industry, a component of value equity. Building aesthetics and services provided were the key responses for influencing the perception of quality. Keeping in mind what is important to the consumer provides useful information to a convention center in deciding how to market the facility. Understanding how important aesthetics are in this industry also justifies the investment in renovation projects.

For brand equity, information gleaned from the interviews consistently revealed it is more important to use brand recognition of the conference for the city representing the conference and the specific show. This raises interesting implications for branding in the convention center arena. The branding for the convention center that is more desired by show managers seems to be one that links the center with the overall city attractions, i.e., Orlando Convention Center’s brand would be Disney, Universal, Seaworld and additional attractions available to the visitor of the convention center. The other interesting finding is that show managers would like to consider the brand of their convention or event and the ability of the convention center to tailor itself to match cooperatively with the brand of the specific convention, i. e., the Baptist Convention Conference has a culture of its own that it wants to emulate across all cities. In this instance, the Orange County Convention Center is simple a generic conduit which maximizes utility for the show manager when it allows the convention show manager to better achieve strong branding for the convention as opposed to the Convention Center. One show manager said, “I don’t want the convention center to have a powerful brand because I want to put my brand on the convention center for my show and I do not want to compete with the building’s brand.” This concept is counter intuitive to brand management practices in most industries.

In analyzing customer equity, the drivers and sub-drivers of customer equity provide convention centers with strategic initiatives that will have the greatest financial impact from their customer base. Previous studies indicate that the customer equity perspective focuses on the benefit of being able to quantify financial performance based on current and future customers (Leone et al., 2006). Providing methods to better understand what influences show managers most when deciding among their booking options will impact convention centers and allow convention centers to spend marketing dollars more wisely and meet the needs of their customers.

Several implications can be drawn from this study. First, by applying the customer equity model to the convention center’s strategic planning process, a roadmap is provided for increasing customer equity in terms of value, brand and relationships. This could improve market position and meet the long term goals of adding significant economic impact which convention centers are expected to generate. More specifically, the specific needs of customers can be met by addressing the customer relationship according to value needs, brand needs, and relationship needs.

Limitations and Future Research

This was the first study to explore customer equity in the convention industry. One of the limitations of this study was that the sample of show managers were customers of one convention center. Even though all of the show managers interviewed produce shows in other convention centers around the country, they may have had some bias toward the supporting convention center. Another limitation of the study was that the sample was comprised of members of the Client Advisory Board of the convention center. Even though the researcher indicated that questions should be answered considering all convention centers, holding a position on the Client Advisory Board may have made the show managers feel more connected with the convention center; this could have resulted in some bias in responses.

Future studies should include other convention center advisory board members or a random sample of multiple convention center customers. This would enable results to be generalizable to customers across multiple convention centers.

Research Question Three

The next research question investigated in the study was: Is there a single predominant driver of customer equity (value equity, brand equity, or relationship equity) for show managers in the convention industry?

Discussion and Implications

To answer this research question, the results of the qualitative interviews regarding the drivers of customer equity was used to further build the customer equity questionnaire developed from Rust, Lemon & Zeithaml (2004). Using quantitative analysis results and secondary data, the driver identified as the most predominant in the convention industry was value equity. Value equity consists of quality, price, and convenience and was shown as having the highest relative importance among all the drivers. Relationship equity had the second highest relative importance followed by brand equity.

By using the nine factors extracted from principal component analysis as independent variables and conducting logit analysis, the researcher was able to identify the significant factors. The next step was to convert the factor-level results to the individual drivers. By doing this, a relative importance was calculated for each driver of customer equity in the convention industry. This held true using both the results of the logistical regression, forecasting sales, calculating customer lifetime value, and customer equity, The results were then applied to each of the marketing efforts to determine the greatest impact as well.

Although limitations exist, the results of this study revealed that value is important in driving customers to return. This increases the customer’s lifetime value and ultimately increases customer equity for the convention center. The difficulty lies in understanding how value is perceived by customers. One customer may perceive value strictly on the price paid, while others view value from a more holistic view by taking into account the location of the convention center in relationship to their attendees, the quality of the facility, and services the center provides. Location was by far the most important element of value equity in this study. Although brand equity was the least important, the importance of the brand of the destination and its role to the success of convention centers cannot be underestimated.

Limitations and Future Research

One of the limitations in this study was sample size. Due to the sample size, the researcher was unable to determine whether there were different drivers for different event types. Future research may address the issue to determine if the drivers of tradeshows differ from the drivers of a public or consumer show. Different types of events may also reveal specific drivers of more importance based on event type.

Research Question Four

The final research question addressed in this study was: How can a customer equity approach be used to measure the effectiveness of marketing effort in the convention industry?

Discussion and Implications

This study provides a framework for implementing customer equity to measure marketing effort and evaluate tradeoffs based on the projected impact on customer equity. Because customer equity can be calculated using transactional data, organizations can implement a customer equity model once they understand the benefits and what the drivers are for their different customers. The results from Stevens' (2006) study indicated that customer equity models are important tools for predicting a customer's future profitability based on past behavior and explored other variables that affect marketing decisions.

In all practicality, understanding the impact marketing effort has on the value of an organization and being able to measure it with customer equity provides industry with a powerful tool. This is one of the valuable additions of this particular research to the convention industry research stream.

Limitations and Future Research

One of the limitations of measuring marketing effort using the customer equity approach is relying on forecast methods to estimate customer lifetime value and customer equity. Although secondary data was used, there may be error in estimation and should be addressed in future research. Another limitation in the way marketing effort was measured was using return intentions as a proxy. What consumers say they will do and what they actually do may differ. Future researchers may wish to consider a longitudinal study to determine repeat once marketing effort implemented. The survey instrument utilized a slider from 0 to 100 with which the respondent could move to the right and indicate their return intentions. This technology may not have captured the true intentions of the respondent.

Marketing effort in the convention industry is also difficult to measure. For instance, many of the larger shows book years in advance to secure space requirements for their shows due to their size and scope. Marketing dollars, therefore, are being spent today to market events 15 to 20 years out. Future research is needed to address marketing effort challenges facing the industry.

Convention Implications

There has been a natural shift in the economy from being a product economy to being a service economy (Rust et al. 2000). Customer equity is a natural compliment to the changes facing the industry as a whole both domestically and internationally because it establishes a shift from product orientation to customer orientation. Customer equity is a strategic issue being addresses among multi industries. Customer equity is important for several reasons: 1) a customer equity approach provides an organization such a convention center to maximize the overall value of the organization, 2) provides a baseline for which all marketing efforts can be based, and 3) provides a way to track profitability and sustainability by being more customer focus and making decision based on customers (the most important asset of the center).

First let's consider how customer equity provides an organization a way to maximize the value of the organization. Customer equity is based on knowing your customers. It is vital to the success of a customer equity approach. Since customers are the most important aspect of an organization and if an organization invests in getting to know their customers, the organization has a better opportunity in making decisions that will most influence customer choice and buying behavior.

Customer equity is a strategic approach for the entire organization. One of the most critical outcomes of a customer equity approach is that it provides a way to monitor the change in customer equity from a marketing plan and determine which plans are worth implementing and which ones should be eliminated or changed. Marketing departments have two primary objectives: acquire customers and retain customers.

For example, if a convention center implements one marketing plan to acquire 20 new customers over the next 18 months and another marketing plan to increase the retention rate of current customers. For purposes of explanation, let's say both plans showed and increase in new customers acquired an increase in retention of current customers. It is not enough to say both plans are successful but what should be considered is determining which plan increased customer equity the most. This information can provide valuable information when making allocation decisions for marketing dollars. It is not enough for organization to show success by increases in achieving marketing objectives but vital to show an increase and a comparison in the influence such plans have on marketing effort. This allows organizations a way to track profitability and sustainability.

Connecting Decision Model with Marketing Initiative

Future research including attendees and exhibitors as customers of a convention center can provide convention research with a broader understanding of the impact of customer equity. Additionally, the research would provide convention centers with a full spectrum of value, brand and relationship information for all customers' categories. The primary limitation of this study was the sampling of only one convention center's customers. Further research should address multiple convention center customers to eliminate possible bias. This study could be replicated or extended across multiple cities to provide a more representative model. Studies could then provide for comparative analyses. Viewing customer equity alongside feasibility and economic impact studies in order to provide improved sources of information from which strategic financial decisions for convention centers can be made is another opportunity of research. Given the dynamic stakeholder representation of convention centers, i. e., associations, conventions, associations members, community members, more studies taking the various stakeholders as the consumer, particularly using the association members as the customer and the associations as the provider of services and determining member equity, would provide additional frames of comparison on customer equity within the convention industry.

Summary

This study was the first to explore customer equity in the convention industry. Although there are limitations which have been discussed, this study sets a framework for additional studies. Until this study, a customer equity approach to measure marketing effort had not been applied to this particular industry. This study also provided insight into marketing effort tradeoffs which would provide practitioners with the most improved increase in customer equity associated with each marketing effort. This provides a comparison between and among many marketing options. In reality, multiple marketing efforts will be used simultaneously. Understanding marketing tradeoffs can assist practitioners in implementing marketing strategies to maximize marketing dollars.

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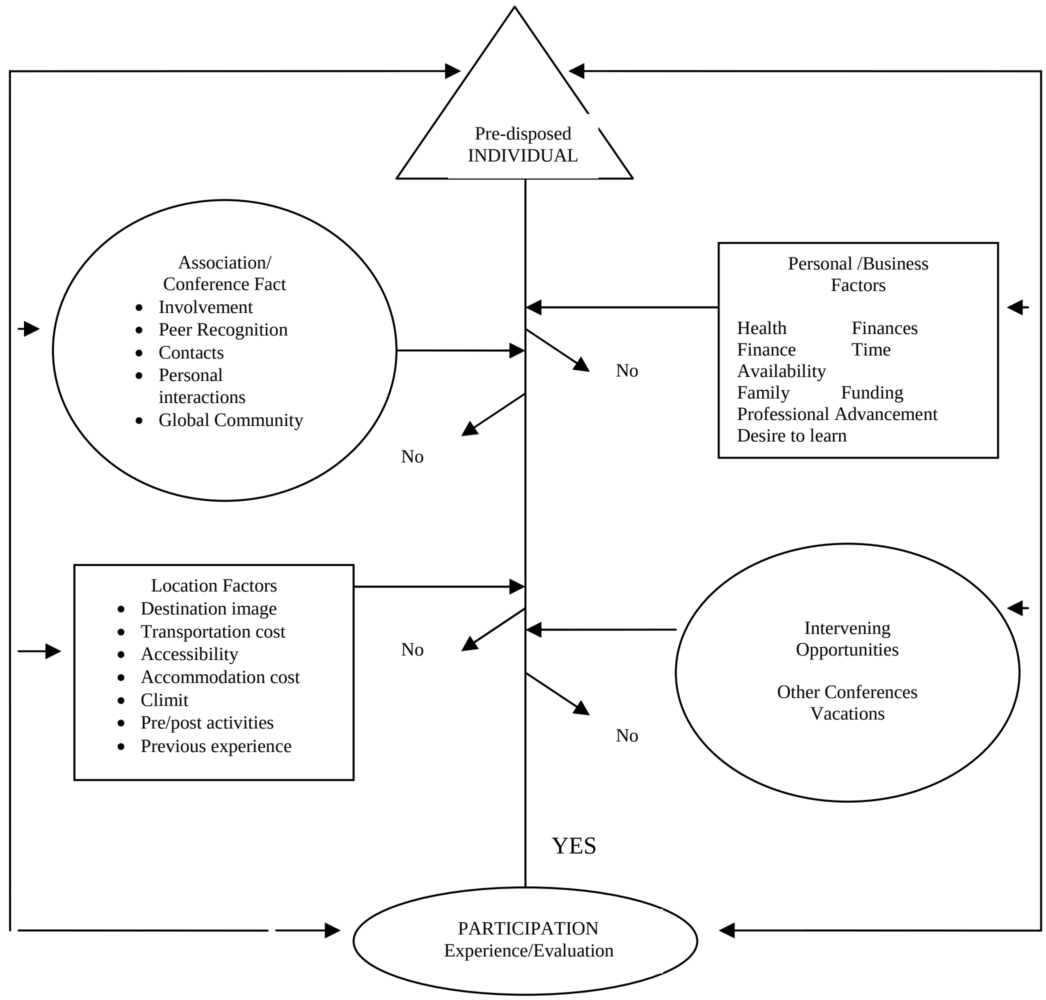
APPENDICES

APPENDIX A

Conference Participation Decision-Making Process



Conference Participation Decision-Making Process (Oppermann, M., & Chon, K., 1997)

APPENDIX B

Questionnaire

Market Share and Transition Probabilities

1. **Which of the following convention centers did you most recently book? (please check one)**
   Orange County Convention Center ______
   Las Vegas Convention Center ______
   McCormick Place ______
   World Congress Center ______

2. **The next time you book an event at a convention center, what is the probability that you will book each of these convention centers?**
   Convention Center *Probability (please provide a percentage for each convention center and have the percentages add up to 100%)*
   Orange County Convention Center ______
   Las Vegas Convention Center ______
   McCormick Place ______
   World Congress Center ______
   Total = 100%_

Size and Frequency of Purchase

3. **Please indicate the type of events, the size of each event, and the average cost of each event booked at the Orange County Convention Center, Orlando Florida, for the past three years,**

Orange County Convention Center, Orlando, Florida

	Show #	Type of Event	Sq. Footage used per event	Average Cost per event
2006	1			
	2			
	3			
	4			
2005	1			
	2			
	3			
	4			
2004	1			
	2			
	3			
	4			

Dropdown box for type of event in above table:

Convention with exhibits	
Convention without exhibits	
Consumer Show	
Tradeshow/exhibition	
Other	

Dropdown box for square footage in above table:

Less than 10,000	
10,000-24,999	
25,000-49,999	
50,000-99,999	
100,000-249,999	
250,000 and more	

Value Equity Drivers

4. **How would you rate the overall quality of the following convention centers?**

Convention Center	*Very Low Quality*				*Very High Quality*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

5. **To what extent is the quality of the following convention centers worth the price paid?**

Convention Center	*Worth Much Less*				*Worth Much More*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

6. **How would you rate the competitiveness of the prices of each of the convention centers?**

Convention Center	*Not at all Competitive*				*Very Competitive*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

7. **How would you rate the convention center's location in terms of convenience and the ability to move-in and move-out efficiently?**

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

8. **How would you rate the easiness of making bookings at the convention centers?**

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

9. **Please rate the attractiveness/fairness of the regular prices charged by each of these convention centers compared to all other convention centers you deal with.**

Convention Center	*Much Higher than Other Convention Centers*				*Much Lover than Other Convention Centers*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

10. **Please rate the discounted prices offered by each of these convention centers.**

Convention Center	*Much Higher than Other Convention Centers*				*Much Lover than Other Convention Centers*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

Brand Equity Drivers

11. **I have extremely favorable attitude toward these convention centers.**

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

12. **I often notice and pay attention to these convention centers’ media advertising.**

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

13. **I often notice and pay close attention to the information these convention centers send out.**

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

14. These convention centers have a good reputation in this industry.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

15. These convention centers are active sponsors of community events.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

16. These convention centers have high ethical standards with respect to its customers and employees.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

17. The image of these convention centers fits my personality well.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

18. I have positive feelings toward these convention centers.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

Relationship Equity Drivers

19. I have invested a great deal of time developing a relationship with these convention centers

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

20. The preferential treatment I get from these convention centers is important to me.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

21. I know these convention centers' administrative procedures well.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

22. These convention centers know a lot about the type of shows I book.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

23. The convention center recognizes me as being special.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

24. I feel a sense of community working with the staff of these convention centers.

Convention Center	*Strongly Disagree*				*Strongly Agree*
Orange County Convention Center	1	2	3	4	5
Las Vegas Convention Center	1	2	3	4	5
McCormick Place	1	2	3	4	5
World Congress Center	1	2	3	4	5

Demographics

25. How likely are you to rebook with the OCCC if the following improvements were made? (Please place the curser on the slider and move to the right to indicate how much more likely you would rebook if the stated changes were implemented.)

Overall quality of services provided improves by 50%
Overall quality of services provided improves by 100%
Overall perceived value provided by us improves by 50%
Overall perceived value provided by us improves by 100%
Overall convenience offered by us improves by 50%
Overall convenience offered by us improves by 100%
Overall image of our convention center enhances by 50%
Overall image of our convention center enhances by 100%
Overall reputation of our convention center improves by 50%
Overall reputation of our convention center improves by 100%
The rewards offered for being a loyal customer increases by 50%
The rewards offered for being a loyal customer increases by 100%
Our ability to specially recognize your loyal patronage improves by 50%
Our ability to specially recognize your loyal patronage improves by 100%
Our staff's ability to build a relationship with you improves by 50%
Our staff's ability to build a relationship with you improves by 100%
Our ability to enhance communications with you improves by 50%
Our ability to enhance communications with you improves by 100%
Our ability to help share knowledge, and resources to enrich your jobs improves by 50%
Our ability to help share knowledge, and resources to enrich your jobs improves by 100%

26. Type of show last booked at the following convention center.

Convention Center	***Show Type***
Orange County Convention Center	
Las Vegas Convention Center	
McCormick Place	
World Congress Center	

27. What is your job title? ______________________________

28. What is the number of shows you produce each year?

0-1
2-5
5-10
10+

29. What is your gender?

Male
Female

30. What is your age?

20-29
30-39
40-49
50-59
60+

31. How long have you been in your current position?

0-1
2-5
5-10
10+

APPENDIX C

Spreadsheet Analysis

Appendix C- Spreadsheet 1

No Market Effectiveness factors Included:

With Contribution margin= 31%

	DISCOUNTED CM						LF Value
	20007	**20008**	**20009**	**20010**	**20011**	**20012**	
1	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
2	$ 3,294.83	$ 678.56	$ 139.75	$ 28.78	$ 5.93	$ 1.22	$ 4,149.06
3	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 32,919.09	$ 177,491.52
4	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
5	$ 12,999.57	$ 18,254.24	$ 21,634.96	$ 22,785.16	$ 25,212.04	$ 27,551.32	$ 128,437.29
6	$ 25,517.56	$ 24,068.75	$ 22,702.20	$ 21,413.23	$ 20,197.46	$ 19,050.71	$ 132,949.90
7	$ 4,127.74	$ 88.94	$ 1.60	$ 0.03	$ 0.00	$ 0.00	$ 4,218.30
8	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
9	$ 5,524.01	$ 1,137.66	$ 234.30	$ 48.25	$ 9.94	$ 2.05	$ 6,956.20
10	$ 10,835.25	$ 14,676.84	$ 19,880.45	$ 26,928.97	$ 36,476.51	$ 49,409.09	$ 158,207.10
11	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
12	$ 13,167.63	$ 650.29	$ 16,015.52	$ 14,447.81	$ 14,200.06	$ 13,839.49	$ 72,320.82
13	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
14	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
15	$ 8,424.45	$ 8,872.32	$ 9,344.01	$ 9,840.77	$ 10,363.95	$ 10,914.94	$ 57,760.44
16	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
17	$ 6,499.78	$ 17,113.35	$ 19,104.55	$ 20,120.22	$ 22,449.29	$ 24,928.51	$ 110,215.70
18	$ 6,844.75	$ 15,992.38	$ 22,247.32	$ 30,032.65	$ 42,324.10	$ 59,409.95	$ 176,851.15
19	$ 538,031.48	$ 566,635.35	$ 596,759.91	$ 628,486.01	$ 661,898.80	$ 697,087.94	$ 3,688,899.49
20	$ 48,758.75	$ 63,151.21	$ 81,792.00	$ 105,935.12	$ 137,204.73	$ 177,704.41	$ 614,546.23
21	$ 20,886.47	$ 27,268.09	$ 35,599.54	$ 46,476.56	$ 60,676.94	$ 79,216.07	$ 270,123.66
22	$ 9,972.79	$ 2,725.50	$ 744.86	$ 203.57	$ 55.63	$ 15.20	$ 13,717.56
23	$ 11,794.22	$ 12,421.25	$ 12,424.69	$ 13,085.23	$ 13,780.89	$ 14,513.54	$ 78,019.83
24	$ 9,308.13	$ 16,246.93	$ 21,367.17	$ 24,863.61	$ 29,724.36	$ 35,250.67	$ 136,760.87
25	$ 258.53	$ 4.18	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 262.77
26	$ 25,517.56	$ 24,068.75	$ 22,702.20	$ 21,413.23	$ 20,197.46	$ 19,050.71	$ 132,949.90
27	$ 549,674.44	$ 578,897.29	$ 609,673.75	$ 642,086.40	$ 676,222.24	$ 712,172.87	$ 3,768,726.98

28	$ 6,739.56	$ 10,646.79	$ 12,814.92	$ 13,496.21	$ 15,341.66	$ 17,321.95	$ 76,361.09
29	$ 21,397.41	$ 19,302.88	$ 16,073.88	$ 14,500.46	$ 13,081.05	$ 11,800.58	$ 96,156.26
30	$ 87,238.37	$ 133,556.01	$ 204,465.17	$ 313,022.27	$ 479,215.81	$ 733,646.82	$ 1,951,144.44
31	$ 8,632.33	$ 8,049.38	$ 6,357.84	$ 4,446.36	$ 3,274.65	$ 2,390.32	$ 33,150.88
32	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
33	$ 258.53	$ 4.18	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 262.77
34	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
35	$ 18,645.36	$ 21,730.32	$ 25,325.70	$ 29,515.95	$ 34,399.49	$ 40,091.05	$ 169,707.86
36	$ 282.48	$ 29,166.93	$ 31,159.18	$ 32,815.73	$ 34,560.99	$ 36,399.21	$ 164,384.53
37	$ 9,322.68	$ 10,865.16	$ 12,662.85	$ 14,757.97	$ 17,199.75	$ 20,045.52	$ 84,853.93
38	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
39	$ 4,212.22	$ 4,436.16	$ 4,672.00	$ 4,920.39	$ 5,181.97	$ 5,457.47	$ 28,880.22
40	$ 269,015.74	$ 424,976.51	$ 505,847.27	$ 532,740.10	$ 576,424.41	$ 618,693.96	$ 2,927,697.98
41	$ 3,337.47	$ 8,787.27	$ 10,812.75	$ 11,387.60	$ 12,742.36	$ 14,104.98	$ 61,172.43
42	$ 28,491.85	$ 30,006.59	$ 31,601.86	$ 33,281.94	$ 35,051.34	$ 36,914.80	$ 195,348.37
43	$ 22,129.83	$ 19,837.79	$ 17,783.14	$ 15,941.30	$ 14,290.22	$ 12,810.15	$ 102,792.44
44	$ 64.63	$ 2.61	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 67.29
45	$ 522,017.83	$ 533,407.30	$ 545,045.28	$ 556,937.18	$ 569,088.54	$ 581,505.01	$ 3,308,001.14
46	$ 22,129.83	$ 19,837.79	$ 17,783.14	$ 15,941.30	$ 14,290.22	$ 12,810.15	$ 102,792.44
47	$ 28,248.36	$ 29,750.16	$ 31,331.79	$ 32,997.51	$ 34,751.79	$ 36,599.33	$ 193,678.94
48	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
49	$ 19,215.55	$ 30,355.69	$ 36,132.21	$ 38,053.14	$ 41,173.47	$ 44,192.75	$ 209,122.82
50	$ 484,669.44	$ 459,811.23	$ 436,227.96	$ 413,854.26	$ 392,628.09	$ 372,490.58	$ 2,559,681.57
51	$ 28,248.36	$ 29,750.16	$ 31,331.79	$ 32,997.51	$ 34,751.79	$ 36,599.33	$ 193,678.94
52	$ 269,015.74	$ 283,317.67	$ 298,379.95	$ 314,243.01	$ 330,949.40	$ 348,543.97	$ 1,844,449.74
53	$ 358,148.32	$ 251,081.16	$ 176,021.34	$ 123,400.39	$ 86,510.29	$ 60,648.34	$ 1,055,809.84
54	$ 358,148.32	$ 251,081.16	$ 176,021.34	$ 123,400.39	$ 86,510.29	$ 60,648.34	$ 1,055,809.84
55	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
56	$ 13,349.90	$ 14,059.63	$ 14,807.10	$ 15,594.30	$ 16,423.35	$ 17,296.49	$ 91,530.77
57	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
58	$ 33,325.67	$ 44,987.80	$ 60,731.04	$ 81,983.53	$ 110,673.21	$ 149,402.69	$ 481,103.93
59	$ 5,524.01	$ 1,137.66	$ 234.30	$ 48.25	$ 9.94	$ 2.05	$ 6,956.20
60	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88

61	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
62	$ 538,031.48	$ 566,635.35	$ 596,759.91	$ 628,486.01	$ 661,898.80	$ 697,087.94	$ 3,688,899.49
63	$ 355,819.16	$ 249,448.30	$ 174,876.62	$ 122,597.88	$ 85,947.68	$ 60,253.93	$ 1,048,943.56
64	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
65	$ 10,977.82	$ 12,884.03	$ 15,121.24	$ 17,746.93	$ 20,828.54	$ 24,445.26	$ 102,003.81
66	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
67	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
68	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
69	$ 18,645.36	$ 21,730.32	$ 25,325.70	$ 29,515.95	$ 34,399.49	$ 40,091.05	$ 169,707.86
70	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
71	$ 12,838.44	$ 18,115.01	$ 17,049.51	$ 15,380.59	$ 15,099.62	$ 14,949.64	$ 93,432.81
72	$ 10,849.79	$ 14,716.27	$ 19,960.61	$ 27,073.84	$ 36,721.98	$ 49,808.35	$ 159,130.84
73	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
74	$ 538,031.48	$ 566,635.35	$ 596,759.91	$ 628,486.01	$ 661,898.80	$ 697,087.94	$ 3,688,899.49
75	$ 10,977.82	$ 12,884.03	$ 15,121.24	$ 17,746.93	$ 20,828.54	$ 24,445.26	$ 102,003.81
76	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
77	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
78	$ 35,319.48	$ 46,110.94	$ 60,199.61	$ 78,592.90	$ 102,606.05	$ 133,956.14	$ 456,785.12
79	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
80	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
81	$ 9,322.68	$ 16,297.74	$ 21,467.48	$ 25,019.38	$ 29,957.31	$ 35,582.44	$ 137,647.02
82	$ 7,386.65	$ 11,403.87	$ 15,492.11	$ 18,055.35	$ 21,988.33	$ 26,595.95	$ 100,922.26
83	$ 4,127.74	$ 88.94	$ 1.59	$ 0.03	$ 0.00	$ 0.00	$ 4,218.30
84	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
85	$ 269,015.74	$ 424,976.51	$ 505,847.27	$ 532,740.10	$ 576,424.41	$ 618,693.96	$ 2,927,697.98
86	$ 13,349.90	$ 14,059.63	$ 14,807.10	$ 15,594.30	$ 16,423.35	$ 17,296.49	$ 91,530.77
87	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
88	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
89	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
						Average LV:	**$ 497,011.22**
						Events:	**212**
CE:	$ 15,427,938	$ 16,152,817	$ 16,857,202	$ 17,589,894	$ 18,813,373	$ 20,477,819	$ 105,319,044

Appendix C- Spreadsheet 2

Overall SQ Effectiveness:

With Contribution margin= 31%

	DISCOUNTED CM						LF Value
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	
1	$ 49,378.63	$ 46,029.94	$ 42,863.69	$ 39,876.26	$ 34,882.80	$ 30,484.84	$ 243,516.16
2	$ 2,635.86	$ 529.28	$ 106.21	$ 21.30	$ 4.50	$ 0.95	$ 3,298.10
3	$ 45,758.48	$ 50,272.16	$ 55,136.45	$ 60,375.85	$ 61,154.82	$ 61,845.98	$ 334,543.75
4	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
5	$ 24,439.19	$ 35,924.34	$ 44,481.49	$ 48,851.39	$ 51,835.95	$ 54,221.00	$ 259,753.34
6	$ 25,517.56	$ 24,068.75	$ 22,702.20	$ 21,413.23	$ 20,197.46	$ 19,050.71	$ 132,949.90
7	$ 4,127.74	$ 88.94	$ 1.60	$ 0.03	$ 0.00	$ 0.00	$ 4,218.30
8	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
9	$ 7,954.57	$ 1,688.28	$ 358.01	$ 75.85	$ 15.18	$ 3.04	$ 10,094.94
10	$ 15,169.35	$ 21,134.65	$ 29,423.06	$ 40,932.03	$ 53,985.23	$ 71,149.09	$ 231,793.41
11	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
12	$ 13,167.63	$ 650.29	$ 16,015.52	$ 14,447.81	$ 14,200.06	$ 13,839.49	$ 72,320.82
13	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
14	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
15	$ 9,266.89	$ 9,848.28	$ 10,465.29	$ 11,120.07	$ 11,607.62	$ 12,115.58	$ 64,423.74
16	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
17	$ 9,099.70	$ 24,643.22	$ 28,274.73	$ 30,582.74	$ 33,224.95	$ 35,897.06	$ 161,722.39
18	$ 13,689.51	$ 33,583.99	$ 48,944.10	$ 69,075.09	$ 93,113.02	$ 124,760.89	$ 383,166.60
19	$ 538,031.48	$ 566,635.35	$ 596,759.91	$ 628,486.01	$ 661,898.80	$ 697,087.94	$ 3,688,899.49
20	$ 63,386.38	$ 83,991.11	$ 111,237.12	$ 147,249.81	$ 186,598.43	$ 236,346.87	$ 828,809.73
21	$ 29,241.06	$ 39,266.05	$ 52,687.31	$ 70,644.37	$ 89,801.87	$ 114,071.14	$ 395,711.80
22	$ 14,959.19	$ 4,224.53	$ 1,191.78	$ 335.88	$ 89.01	$ 23.57	$ 20,823.96
23	$ 11,794.22	$ 12,421.25	$ 12,424.69	$ 13,085.23	$ 13,780.89	$ 14,513.54	$ 78,019.83
24	$ 9,308.13	$ 16,246.93	$ 21,367.17	$ 24,863.61	$ 29,724.36	$ 35,250.67	$ 136,760.87
25	$ 258.53	$ 4.18	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 262.77
26	$ 25,517.56	$ 24,068.75	$ 22,702.20	$ 21,413.23	$ 20,197.46	$ 19,050.71	$ 132,949.90

27	$ 549,674.44	$ 578,897.29	$ 609,673.75	$ 642,086.40	$ 676,222.24	$ 712,172.87	$ 3,768,726.98
28	$ 7,413.51	$ 11,817.93	$ 14,352.71	$ 15,250.72	$ 17,182.66	$ 19,227.37	$ 85,244.91
29	$ 20,969.46	$ 18,878.21	$ 15,688.11	$ 14,123.45	$ 12,767.11	$ 11,540.97	$ 93,967.30
30	$ 87,238.37	$ 133,556.01	$ 204,465.17	$ 313,022.27	$ 479,215.81	$ 733,646.82	$ 1,951,144.44
31	$ 16,574.08	$ 16,195.34	$ 13,376.90	$ 9,764.22	$ 6,889.86	$ 4,809.32	$ 67,609.72
32	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
33	$ 325.74	$ 5.37	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 331.21
34	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
35	$ 30,578.39	$ 37,028.46	$ 44,775.83	$ 54,073.21	$ 60,818.31	$ 68,315.14	$ 295,589.34
36	$ 338.98	$ 35,583.66	$ 38,637.39	$ 41,347.82	$ 42,855.62	$ 44,407.04	$ 203,170.50
37	$ 13,238.20	$ 15,884.86	$ 19,044.92	$ 22,815.83	$ 25,868.42	$ 29,306.56	$ 126,158.79
38	$ 20,218.67	$ 21,648.47	$ 23,173.14	$ 24,798.75	$ 25,702.59	$ 26,632.45	$ 142,174.07
39	$ (2,948.56)	$ (3,859.46)	$ (4,858.89)	$ (5,953.67)	$ (5,389.25)	$ (4,748.00)	$ (27,757.82)
40	$ 371,241.72	$ 602,616.69	$ 736,513.62	$ 795,913.70	$ 839,273.94	$ 877,308.03	$ 4,222,867.71
41	$ 3,337.47	$ 8,787.27	$ 10,812.75	$ 11,387.60	$ 12,742.36	$ 14,104.98	$ 61,172.43
42	$ 29,061.69	$ 30,666.73	$ 32,360.30	$ 34,147.27	$ 35,892.57	$ 37,726.93	$ 199,855.49
43	$ 22,129.83	$ 19,837.79	$ 17,783.14	$ 15,941.30	$ 14,290.22	$ 12,810.15	$ 102,792.44
44	$ 84.02	$ 3.47	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 87.56
45	$ 428,054.62	$ 427,792.66	$ 427,315.50	$ 426,613.88	$ 446,165.41	$ 466,367.02	$ 2,622,309.09
46	$ 22,129.83	$ 19,837.79	$ 17,783.14	$ 15,941.30	$ 14,290.22	$ 12,810.15	$ 102,792.44
47	$ 14,124.18	$ 13,387.57	$ 12,532.72	$ 11,549.13	$ 13,900.72	$ 16,469.70	$ 81,964.01
48	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
49	$ 19,215.55	$ 30,355.69	$ 36,132.21	$ 38,053.14	$ 41,173.47	$ 44,192.75	$ 209,122.82
50	$ 504,056.22	$ 480,042.92	$ 457,166.91	$ 435,374.69	$ 411,474.24	$ 388,880.17	$ 2,676,995.14
51	$ 11,299.34	$ 10,115.05	$ 8,772.90	$ 7,259.45	$ 9,730.50	$ 12,443.77	$ 59,621.02
52	$ 376,622.03	$ 407,977.45	$ 441,602.33	$ 477,649.37	$ 489,805.11	$ 501,903.32	$ 2,695,559.62
53	$ 358,148.32	$ 251,081.16	$ 176,021.34	$ 123,400.39	$ 86,510.29	$ 60,648.34	$ 1,055,809.84
54	$ 358,148.32	$ 251,081.16	$ 176,021.34	$ 123,400.39	$ 86,510.29	$ 60,648.34	$ 1,055,809.84
55	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
56	$ 13,349.90	$ 14,059.63	$ 14,807.10	$ 15,594.30	$ 16,423.35	$ 17,296.49	$ 91,530.77
57	$ 32,919.09	$ 29,696.73	$ 26,789.81	$ 24,167.43	$ 21,801.75	$ 19,667.64	$ 155,042.45
58	$ 33,325.67	$ 44,987.80	$ 60,731.04	$ 81,983.53	$ 110,673.21	$ 149,402.69	$ 481,103.93
59	$ 8,727.93	$ 1,863.48	$ 397.37	$ 84.64	$ 16.85	$ 3.35	$ 11,093.63

60	$ 23,588.45	$ 25,552.29	$ 27,658.27	$ 29,915.95	$ 30,677.29	$ 31,435.02	$ 168,827.27
61	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
62	$ 925,414.14	$ 1,015,410.54	$ 1,112,360.47	$ 1,216,748.92	$ 1,233,779.36	$ 1,249,181.59	$ 6,752,895.03
63	$ 355,819.16	$ 249,448.30	$ 174,876.62	$ 122,597.88	$ 85,947.68	$ 60,253.93	$ 1,048,943.56
64	$ 27,295.20	$ 29,846.49	$ 32,591.91	$ 35,544.88	$ 36,149.45	$ 36,717.85	$ 198,145.78
65	$ 16,466.72	$ 19,970.24	$ 24,193.98	$ 29,282.43	$ 33,325.67	$ 37,890.15	$ 161,129.20
66	$ 22,359.26	$ 23,164.62	$ 23,992.43	$ 24,842.78	$ 26,611.30	$ 28,497.66	$ 149,468.05
67	$ 22,359.26	$ 23,164.62	$ 23,992.43	$ 24,842.78	$ 26,611.30	$ 28,497.66	$ 149,468.05
68	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
69	$ 18,645.36	$ 21,730.32	$ 25,325.70	$ 29,515.95	$ 34,399.49	$ 40,091.05	$ 169,707.86
70	$ 13,142.14	$ 13,450.44	$ 13,754.38	$ 14,052.63	$ 15,255.73	$ 16,547.04	$ 86,202.36
71	$ 12,838.44	$ 18,115.01	$ 17,049.51	$ 15,380.59	$ 15,099.62	$ 14,949.64	$ 93,432.81
72	$ 15,189.71	$ 21,191.42	$ 29,541.70	$ 41,152.24	$ 54,348.53	$ 71,724.03	$ 233,147.63
73	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
74	$ 925,414.14	$ 1,015,410.54	$ 1,112,360.47	$ 1,216,748.92	$ 1,233,779.36	$ 1,249,181.59	$ 6,752,895.03
75	$ 16,466.72	$ 19,970.24	$ 24,193.98	$ 29,282.43	$ 33,325.67	$ 37,890.15	$ 161,129.20
76	$ 23,588.45	$ 25,552.29	$ 27,658.27	$ 29,915.95	$ 30,677.29	$ 31,435.02	$ 168,827.27
77	$ 42,846.76	$ 50,309.40	$ 59,071.82	$ 69,360.38	$ 81,440.91	$ 95,625.51	$ 398,654.79
78	$ 35,319.48	$ 46,110.94	$ 60,199.61	$ 78,592.90	$ 102,606.05	$ 133,956.14	$ 456,785.12
79	$ 16,848.89	$ 17,744.64	$ 18,688.02	$ 19,681.55	$ 20,727.90	$ 21,829.87	$ 115,520.88
80	$ 17,859.83	$ 18,915.79	$ 20,033.56	$ 21,216.71	$ 22,220.31	$ 23,270.65	$ 123,516.83
81	$ 9,322.68	$ 16,297.74	$ 21,467.48	$ 25,019.38	$ 29,957.31	$ 35,582.44	$ 137,647.02
82	$ 12,705.03	$ 20,435.73	$ 28,877.30	$ 34,955.16	$ 40,986.25	$ 47,659.94	$ 185,619.41
83	$ 4,127.74	$ 88.94	$ 1.59	$ 0.03	$ 0.00	$ 0.00	$ 4,218.30
84	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
85	$ 371,241.72	$ 602,616.69	$ 736,513.62	$ 795,913.70	$ 839,273.94	$ 877,308.03	$ 4,222,867.71
86	$ 13,349.90	$ 14,059.63	$ 14,807.10	$ 15,594.30	$ 16,423.35	$ 17,296.49	$ 91,530.77
87	$ 49,378.63	$ 46,029.94	$ 42,863.69	$ 39,876.26	$ 34,882.80	$ 30,484.84	$ 243,516.16
88	$ 45,758.48	$ 50,272.16	$ 55,136.45	$ 60,375.85	$ 61,154.82	$ 61,845.98	$ 334,543.75
89	$ 25,999.14	$ 27,381.35	$ 28,837.05	$ 30,370.14	$ 31,984.74	$ 33,685.18	$ 178,257.60
						Average LV:	**$ 616,981.82**
						Events:	**212**
CE:	$ 18,209,274	$ 19,719,447	$ 21,133,006	$ 22,533,770	$ 23,752,311	$ 25,393,578	$ 130,741,386

Appendix C- Spreadsheet 3

Discounted Contribution Margin												
		T		T+1		T+2		T+3		T+4		T+5
No Marketing Effort	$	15,427,938	$	16,152,817	$	16,857,202	$	17,589,894	$	18,813,373	$	20,477,819
Overall SQ	$	18,209,274	$	19,719,447	$	21,133,006	$	22,533,770	$	23,752,311	$	25,393,578
Perceived Value	$	19,975,036	$	21,437,841	$	22,943,154	$	24,444,558	$	25,456,191	$	26,899,237
Convenience Offered	$	15,362,621	$	16,686,191	$	17,926,819	$	19,058,728	$	20,502,495	$	22,342,319
Overall Image	$	15,206,157	$	16,030,602	$	16,877,365	$	17,701,168	$	19,057,753	$	20,863,836
Overall Reputation	$	18,848,040	$	20,138,587	$	21,437,028	$	22,712,430	$	23,793,818	$	25,325,523
Rewards Offered	$	17,927,823	$	19,115,271	$	20,316,275	$	21,543,094	$	22,707,968	$	24,312,631
Specially Recogition You	$	17,868,666	$	19,051,828	$	20,257,171	$	21,456,476	$	22,596,292	$	24,162,069
Build Relationships	$	18,375,462	$	19,847,367	$	21,264,817	$	22,613,329	$	23,759,606	$	25,324,888
Enhance Communications	$	19,952,016	$	21,594,607	$	23,208,521	$	24,792,087	$	25,860,544	$	27,359,109
Share Knowledge	$	15,079,654	$	16,023,158	$	16,938,191	$	17,824,013	$	19,174,493	$	20,945,833

Appendix C –Spreadsheet 4

	Avg. Lifetime Value	LV Index
No Marketing Effort	$ 497,011.22	100
Overall SQ	$ 616,981.82	124
Perceived Value	$ 666,129.52	134
Convenience Offered	$ 527,969.13	106
Overall Image	$ 498,983.04	100
Overall Reputation	$ 624,126.74	126
Rewards Offered	$ 594,243.66	120
Specially Recognized You	$ 591,739.89	119
Build Relationships	$ 619,077.49	125
Enhance Communications	$ 673,731.36	136
Share Knowledge	$ 500,155.55	101

Appendix C- Spreadsheet 5

		CE	CE Index			
No Marketing Effort	$	105,319,044		**Value CE**	**$**	**127,925,525**
Overall SQ	$	130,741,386	124	**Brand CE**	**$**	**118,996,154**
Perceived Value	$	141,156,017	134	**Relations CE**	**$**	**126,250,652**
Convenience Offered	$	111,879,172	106			
Overall Image	$	105,736,881	100			
Overall Reputation	$	132,255,428	126			
Rewards Offered	$	125,923,062	120			
Special Recognition	$	125,392,501	119			
Build Relationships	$	131,185,468	125			
Enhance Communications	$	142,766,884	136			
Share Knowledge	$	105,985,343	101			

Appendix C- Spreadsheet 6

	CE Change	ROI
No Marketing Effort	$ -	
Overall SQ	$ 25,422,342	115.56%
Perceived Value	$ 35,836,974	162.90%
Convenience Offered	$ 6,560,129	29.82%
Overall Image	$ 417,838	1.90%
Overall Reputation	$ 26,936,384	122.44%
Rewards Offered	$ 20,604,019	93.65%
Special Recognition	$ 20,073,458	91.24%
Build Relationships	$ 25,866,424	117.57%
Enhance Communications	$ 37,447,840	170.22%
Share Knowledge	$ 666,299	3.03%

APPENDIX D

IRB approval letter

Oklahoma State University Institutional Review Board

Date:	Monday, May 08, 2006
IRB Application No	HE0666
Proposal Title:	Measuring the Effectiveness of Marketing Effort in the Convention Industry: Customer Equity Approach
Reviewed and Processed as:	Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 5/7/2007

Principal
Investigator(s

Kimberly S. Severt
4854 Watervista Drive
Orlando, FL 32821

Radesh Palakurthi
210E HES
Stillwater, OK 74078

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

☒ The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Beth McTernan in 415 Whitehurst (phone: 405-744-5700, beth.mcternan@okstate.edu).

Sincerely,

Sue C Jacobs

Sue C. Jacobs, Chair
Institutional Review Board

APPENDIX E

Letter of support from OCCC

APPENDIX F

Letter to attendees

Letter to Attendee Respondents (Consent)

Dear Potential Participant;

The purpose of this research project is to gain a better understand of the decision-making process attendees go through before, during, and after their convention experience. Another purpose of this study is to identify how attendees identify value, brand and relationship in connection with an event such as a convention. One of the requirements for participation in this study, is that you have attended an event at a convention center within the past 12 months. Events could include: tradeshows, public consumer shows, and annual conventions with or without exhibits.

We are requesting an interview which will take approximately 45 minutes. Interviews will be audio taped only with your permission otherwise the research will take notes during the interview so as to capture your valuable information pertaining to this topic. The potential benefits will not only be you helping the leaders of the convention industry better understand how attendees make decisions about a convention event but you will also play an important part in helping the convention center better serve you based on the information you provide.

Data obtained in the interviews will be reported as group data. All audio tapes will be stored in a locked filing cabinet and the primary researcher will be the only person with access to the files. All information is strictly confidential and no names will be reported. The interviews are strictly on a voluntary basis and you can select not to answer any question you choose and the interview can be ended at any time.

Being a professional who has attended a convention in the past, your valuable input will add to the success of this project by better understanding how to serve you. If you have any questions regarding this study, please feel free to contact me at ksevert@mail.ucf.edu

Sincerely,

Kimberly S. Severt
Doctoral Student
Oklahoma State University
4854 Watervista Drive
Orlando, FL 32821
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ksevert@mail.ucf.edu

Dr. Sue C. Jacobs
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OSU
Institutional Review Board
Approved 5/8/06
Expires 5/7/07
Initials
HE 06

Updated: April, 2006

APPENDIX G

Letters to show managers

Interview Script to Show Managers (Consent)

Hello ______________. My name is Kimberly Severt and I'm a doctoral student at Oklahoma State University. I am working with the Orange County Convention Center on study which will enable them to better serve your needs in the future.

The purpose of this research project is to gain a better understand of the decision-making process show managers go through before, during, and after their convention experience. Another purpose of this study is to identify how show managers identify value, brand and relationship in connection with the convention center.

We are requesting an interview which will take approximately 45 minutes of your time. I would like to set up a time for a phone interview. Would sometime during the week of June 5th be convenient for you? ________ Okay let's say Monday June 5th at 9am. You have been selected to request participation in this study due to your vast experience as a show manager. The information you provide will be a benefit to you because the convention center will be able to better serve you and be more likely to meet your needs.

Interviews will be audio taped only with your permission otherwise the research will take notes during the interview so as to capture your valuable information pertaining to this topic. The potential benefits will be you helping the leaders of the convention industry better understand how attendees make decisions about a convention event. Data obtained in the interviews will be reported as group data. All audio tapes will be stored in a locked filing cabinet and the primary researcher will be the only person with access to the files.

The interviews are strictly on a voluntary basis. All information is strictly confidential and no names will be reported. The interviews are strictly on a voluntary basis and you can select not to answer any question you choose and the interview can be ended at any time.

You valuable insight as a show manager is important to the success of this study. Thank you and I look forward to speaking with you on Monday June 5th at 9am.

Kimberly S. Severt
Doctoral Student
Oklahoma State University
4854 Watervista Drive
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Phone: 407-35-45-9777
ksevert@mail.ucf.edu

Dr. Sue C. Jacobs
University Research Compliance
415 Whitehurst
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Stillwater, OK 74078
Phone: 405-744-1676
Fax: 405-744-4335
irb@okstate.edu

Updated: April, 2006

Pre-Notice Email to Show Managers

This email will be sent out by the Orange County Convention Center in support of this research project.

Show Managers;

A few days from now you will receive an mail requesting you to fill out a brief questionnaire for an important research project being conducted by a Ph.D student at Oklahoma State University. This research is being supported by the Orange County Convention Center because we feel it is beneficial to the success of our organization to stay in touch with our most valued customers. The purpose of the research is to determine how we can better serve you by better understanding how you feel about the value you provide you, the brand we offer, and the relationship we have with you. The project aims to identify how we are doing compared to other convention centers in the industry.

The research project is interested in your perceptions of several of the leading convention centers in the country. Due to your industry experience and your professionalism, your input is of great value to the research for the meetings and convention industry.

I am writing in advance because we have found many people like to know ahead of time that they will be contacted. The study is an important one that will help the meeting and convention industry better understand their important customers and what matters most when making decisions about events held in a convention center.

Thank you for your time and consideration. It's only with the generous help of people like you that our research can be successful and the convention industry can be improved.

Sincerely,

Mary Wood
Market Research Analyst
Orange County Convention Center

Kimberly S. Severt
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Initials Oj
HE0666

Updated: April, 2006

Second Email to Show Managers (Consent)

Show Manager;

I am writing to ask your help in a study of how show managers perceive value from a convention center, if image and brand play a role in your perception of a convention center and about your perceptions of how a relationship with a convention center affects your decision making. This study is part of an effort to learn what is important to show managers when making decisions pertaining to events in a convention center. You will benefit from participating in this study because your input will help the convention center better serve you and meet your needs.

It is my understanding that you have worked with the Orange County Convention Center within the past few years. We are contacting show managers to ask them about their perceptions of a few of the leading convention centers. Results from the survey will be used to help the Orange County Convention Center better understand how to serve you better in the future. Your answers are completely confidential and will be released only as summaries in which no individual's answers can be identified. This survey is voluntary. You may select not to answer any question you choose and you can end the survey at any time.

However, you can help us very much by taking a few minutes to share your opinions about your experience in the industry with us. The link below will provide access to the questionnaire. When you click the link to the survey, we assume your consent to participate in the survey. The questionnaire is only 31 questions and will take approximately 15 minutes to complete.
http: www…..

If you have any questions or comment about this study, we would be happy to talk with you. My email address is: ksevert@mail.ucf.edu or you can call me at 407-345-9777. Thank you very much for helping with this important study.

Sincerely,

Kimberly S. Severt
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Expires 5/7/06
Initials HE 06 66

Updated: April, 2006

Third Email to Show Managers (Consent)

Show Manager,

Last week an email with a link to a questionnaire seeking your opinions about your experience with some of the top convention centers was sent to you. You were selected to participate in this study due to your recent event at the Orange County Convention Center in Orlando, Florida.

If you have already completed the questionnaire please accept our sincere thanks. If not, please do so today. The link to the questionnaire is below for your convenience.
http:www...

We are especially grateful for your help because it is only by asking people like you to share your experiences that we can better understand and improve the meetings and convention industry and serve you better at the convention center level. Your answers are completely confidential and will be released only as summaries in which no individual's answers can be identified. This survey is voluntary. You may select not to answer any question you choose and you can end the survey at any time.

If you were unable to open the link for any reason or would like a hard copy of the questionnaire, please contact me at ksevert@mail.ucf.edu and I will get one in the mail to you today.

Sincerely,

Kimberly S. Severt
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Orlando, FL 32821
Phone: 407-35-45-9777
ksevert@mail.ucf.edu

Dr. Sue C. Jacobs
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HE06/66

Updated: April, 2006

Forth Email to Show Managers (Consent)

June 12, 2006

About three weeks ago I sent a questionnaire to you that asked about your opinion about a few of the leading convention centers around the country. The purpose of this study is to better understand the customers in the meeting and convention industry. We think the results are going to be very useful to leaders in the convention center so they will be able to better serve you.

We are writing again because of the importance that your questionnaire has for helping understand perceptions about the convention center. You are a valued customer and we want to serve you in the best way possible. Although we sent emails to current customers of the Orange County Convention Center, it's only by hearing from nearly everyone in the sample that we can be sure that the results are truly representative.

A comment on our survey procedures. Protecting the confidentiality of people's answers is very important to us. Data will be reported as group data and will be stored in lock cabinet in a secure locate at all times. Your answers are completely confidential and no individual's answers can be identified. This survey is voluntary. You may select not to answer any question you choose and you can end the survey at any time.

We hope that you will complete the questionnaire soon. I have provided the link to the survey below for your convenience. If you have any questions, please feel free to contact me at ksevert@mail.ucf.edu
http:www...

Sincerely,

Kimberly S. Severt
Doctoral Student
Oklahoma State University
4854 Watervista Drive
Orlando, FL 32821
Phone: 407-35-45-9777
ksevert@mail.ucf.edu

Dr. Sue C. Jacobs
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415 Whitehurst
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OSU
Institutional Review Board
Approved 5/8/06
Expires 5/7/07
Initials Oj
HE0666

Updated: April, 2006

Fifth Email to Show Managers

Show Manager;

During the last two months we have sent you several emails about an important research study we are conducting regarding perceptions of value, brand and the relationship between show managers and several leading convention centers.

The purpose of this study is to better understand the customers in the meeting and convention industry. We think the results are going to be very useful to leaders in the meetings and convention industry. The study is drawing to a close, and this is the last contact that will be made. If you have not already completed the questionnaire please do so today at the link below at:
http:www…

You were selected to participate in this study based on a show you were a part of at the Orange County Convention Center, and we feel you will provide the best possible information.

We are sending this final contact because of our concern that people who have not responded may have had different experiences than those who have. Hearing from everyone in our sample helps assure that the survey results are as accurate as possible.

We also want to assure you that your response to this study is voluntary, and if you prefer not to respond that's fine. If you are not a show manager and you feel that we have made a mistake including you in this study, please accept our apology.

Finally, we appreciate your willingness to consider our request as we conclude this effort to better understand and improve the meetings and convention industry. Thank you very much.

Sincerely,

Kimberly S. Severt
Doctoral Student
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Initials Oj
HE0666

Updated: April, 2006

APPENDIX H

Letter to association executives

Letter to Experienced Association Executives (Consent)

Dear Executive;

The purpose of this research project is to gain a better understand of the decision-making process association managers go through before, during, and after a convention. Another purpose of this study is to identify how convention managers identify value, brand and relationship in connection with the convention center and what marketing strategies are used to obtain specific objectives.

We are requesting an interview which will take approximately 45 minutes of your time. You have been selected to request participation in this study due to your vast experience as an association leader. The information you provide will be a benefit to you because it will allow the convention center to better meet your needs when holding an event at the convention center.

Interviews will be audio taped only with your permission otherwise the research will take notes during the interview so as to capture your valuable information pertaining to this topic. The potential benefits will be you helping the leaders of the convention industry better understand how attendees and associations make decisions about a convention event. Data obtained in the interviews will be reported as group data. All audio tapes will be stored in a locked filing cabinet and the primary researcher will be the only person with access to the files.

The interviews are strictly on a voluntary basis. All information is strictly confidential and no names will be reported. The interviews are strictly on a voluntary basis and you can select not to answer any question you choose and the interview can be ended at any time.

You valuable insight as an association executive is important to the success of this study. I will be contacting you soon to schedule the interview. If you have any questions regarding this study, please feel free to contact me at ksevert@mail.ucf.edu

Sincerely,

Kimberly S. Severt
Doctoral Student
Oklahoma State University
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Updated: April, 2006

VITA

KIMBERLY SWINSON SEVERT

CANDIDATE FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

DISSERTATION: **Measuring the Effectiveness of Marketing Effort in the Convention Industry: A Customer Equity Approach**

EDUCATION:

2007 Oklahoma State University, Stillwater, Oklahoma
Doctor of Philosophy in Hotel and Restaurant Administration

2003 Eastern Michigan University, Ypsilanti, Michigan
Master's Degree Hospitality Management, GPA 3.90

1987 Appalachian State University, Boone, North Carolina
Bachelor of Science in Business Administration; Major: Management

1985 Wingate College, Wingate, North Carolina
General Education Curriculum

Professional Memberships:

International Council of Hotel Restaurant Institute Educators (ICHRIE)
Professional Convention Management Association (PCMA)
International Special Event Society (ISES)
National Association of Catering Executives (NACE)
Hospitality Financial and Technology Professionals (HFTP)

HONORS:

Date	**Honor**
2004	National Restaurant Association Educational Foundation Industry Experience Grant
2004	Adjunct Professor of the Year, Rosen School of Hospitality Management, University Of Central Florida
2003	Outstanding Graduate Student Award
2000	Outstanding Graduate Assistant Nominee
2000	Certified Hospitality Educator, American Hotel and Lodging Educational Institute

Name: Kimberly Swinson Severt Date of Degree: May, 2007

Institution: Oklahoma State University Location: Stillwater, Oklahoma

Title of Study: **MEASURING THE EFFECTIVENESS OF MARKETING EFFORT IN THE CONVENTION INDUSTRY: CUSTOMER EQUITY APPROACH**

Pages in Study: 168 Candidate for the Degree of Doctor of Philosophy

Major Field: Hospitality and Tourism Administration

Scope and Method of Study: The purpose of this study was to develop the Convention Decision-Making Process Model by including show managers as another stakeholder, investigate the drivers of customer equity in the convention industry, evaluate the importance of each driver of customer equity (value equity, brand equity, and relationship equity) for show managers, and study the effectiveness of practitioners' marketing efforts on the customer equity of the convention center. After a thorough literature review, in-depth qualitative interviews were conducted with show managers and attendees to identify primary decisions before, during and after a convention experience. Qualitative interviews with show managers confirmed the drivers of customer equity in the convention industry. A quantitative analysis was used to determine key drivers of customer equity and their impact on marketing effort.

Findings and Conclusions: The output showed important decisions made by attendees before attending a convention, during the convention, and after their convention experience. Attendee's decisions include: logistical issues, price and cost of being way from regular duties, what sessions to attend, who to network with and what can be implemented once the convention is complete. Show manager's decisions include: location decisions, availability, safety and security concerns, and evaluation criteria.

The sub-drivers revealed in the interviews were quality, price, location, reputation, awareness, personal connections, responsiveness, and special treatment. The results from logistical regression showed value equity to be the most important type of customer equity to show managers. The results applying a customer equity approach to projected marketing efforts revealed value equity as the most influential in improving customer equity.

ADVISER'S APPROVAL: Radesh Palakurthi, Ph.D